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In this issue, seven authors look at West Germany under Kiesinger, to bring readers new perspective on the political, economic and military problems of this Common Market member. Our first author sees dangerous political tensions rising in Germany unless Great Britain is admitted to the Common Market.

Germany, France and "Europe"

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THREE ENTITIES compose our title, related but separate. "Europe" requires quotation marks, referring only to a fraction of Europe. "Europe" was reborn in the minds of men after World War I had cast serious doubt on the efficacy of an international order composed of nation-states.

Between the world wars, "Europe" was only a vision. After World War II, however, there emerged some determination to act. The new European movement was pragmatic rather than idealistic; one might prefer independence, but one could not survive with it. Hitler had given the Continent the experience of union under tyranny, proving in the process that national sovereignty required resources that most European peoples did not possess. After the war, the European world stood between one solution which it could not accept, and another—national self-determination—which it could not afford. A European order had to be built which would both protect and liberate. Each ethnic entity would remain culturally independent, speak its own language, preserve its own peculiar forms of worship and of local government.

At the same time it would join its neighbors in a covenant under which the collectivity of Europeans could foster their productive capacities and their political powers, so that they could jointly participate in the numerically declining concert of world powers. Paul-Henri Spaak expressed the concept one way when he protested that Europe should not subsist on Soviet threats and American charity. Putting it more positively, one might say that the driving intellects in the European movement wanted to be able to compete with the United States and to resist the U.S.S.R.

What they have accomplished has been chronicled in this journal.¹ The accomplishment has fallen far short of European union. The Balkans and East Central Europe have experienced a union of sorts under another old-fashioned hegemonical order dominated by the Soviet Union. Their microcosm is at peace; it is capable of protecting itself against outside attack; and it has developed its economic resources beyond any level previously attained. The cultural and spiritual freedom of its peoples, however, exists precariously and fitfully.

North, central, southern and western Europe remain divided, though less so than before. The inhabitants are likewise at peace

¹ Hans A. Schmitt, "The European Communities," *Current History*, November, 1963.

among themselves and with each other. The North Atlantic Treaty Alliance includes all of the nations beyond the Soviet sphere except Spain, whose dictatorial regime is anathema to most governments in the area,² and Switzerland and Sweden, who have persevered in their traditional policies of neutrality. Like Soviet Europe, the rest, pledged to defend one another, and protected by the resources of an outside world power, live more safely and in greater harmony than before. Economically, this portion of Europe has split into the "inner Six"³ and the "outer Seven."⁴ The Six compose the European Economic Community (E.E.C., or Common Market), now approaching the state of complete economic union. The Seven have banded together into a Free Trade Association (E.F.T.A.), and most of its members now seek to join the E.E.C. In both organizations, productivity has reached record levels and continues to rise. The achievement of both compares favorably with that of the Soviet Bloc. Throughout these "western" groups the freedom of nations to retain their cultural identity has not been challenged or threatened.

There can thus be no question of European union, merely of a number of regional compacts, limited in size and purpose. Understandably, the Europe of the Six has attracted most attention, because it has gone furthest toward a voluntary surrender of sovereign prerogatives, and because it includes France, Germany and Italy, three of the five great powers of pre-1914 Europe. It is therefore not unreasonable to hope that if this limited community were to succeed in creating a complete economic and political union in freedom, other nations would join to create a complete European community extending, if not to the Urals, at least to the Vistula.

² Greece is now comparably isolated, although it has not been expelled.

³ Belgium, France, The Federal Republic of Germany, Italy, Luxemburg and the Netherlands.

⁴ Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom.

⁵ Sir Norman Angell, *Europe's Optical Illusion* (London: 1909), p. 106.

⁶ France. Assemblée Nationale, *Session Ordinaire*, 1956-57, Doc. 5266, p. 210.

Unfortunately, the Six have not yet found a way of moving beyond economic solidarity, and they have not been able to agree on the conditions that would expand their membership. Five countries profess to be anxious to proceed in both directions. In effect, France has vetoed both functional and physical expansion.

A FRUSTRATED FRANCE

France remains frustrated as a nation. Whereas her armies played a key role in holding back the German invader in 1914, her part in the outcome of World War II was modest. French participation in the peace settlements that followed that conflict was substantially smaller than her participation in 1919, when Georges Clemenceau spoke the last word on many major aspects of the peace. This decline in French influence introduced a fatal ambivalence into French initiatives for a united Europe. Without deprecating the extent of her leadership in the establishment of the European Coal and Steel Community, the abortive European Defense Community, the European Economic Community and Euratom, one must recognize that France followed divergent motives. Jean Monnet, who led the French State Planning Office after World War II, represented an enlightened international capitalism, on whose behalf Sir Norman Angell had declared in 1909:

The capitalist has no country, and he knows (if he be the modern type) that armies and conquests and jugglery with frontiers serve no ends of his and may very well defeat them.⁵

Robert Schuman and René Pleven, enlightened nationalists both, embraced a European policy as a means of containing Germany. Monnet wanted a continental authority to supplant national authority. Schuman's reasoning spoke from the parliamentary committee report which urged acceptance of the treaties establishing the European Economic Community by promising that France would thereby

liberate herself from economic policies which have kept her from maintaining in the world those economic positions which she occupied in the middle of the nineteenth century.⁶

This French ambivalence becomes all the more understandable if one considers that the threat of resurgent German power was not France's only problem. On May 8, 1954, nine years after the surrender of the German armies in the West had been sealed in the Little Red School House in Rheims, Frenchmen laid down their arms at Dien Bien Phu. After that humiliating defeat, Tunisia and Morocco regained their independence, and the war against Algerian nationalists, bloody and costly, dragged on indecisively. In 1956, American and Soviet pressure forced the French to abandon their beachhead at Suez. Their government's inability to prevent this succession of setbacks resulted in a French army uprising which only the magic of General Charles de Gaulle stopped short of civil war.

De Gaulle's new republic was led by men many of whom considered Monnet a traitor and Schuman a weakling. They respected the agreements signed by their precursors, but their purpose was to strengthen France and to put an end to further supranational experiments. Whereas Schuman believed that what was good for Europe was good for France, de Gaulle insisted that there could be no Europe without a strong France to lead the continent. As a result, he withdrew from NATO because it was dominated by the non-European "Anglo-Saxons," and he denied entry into the European Community to Great Britain, which he considered the American Trojan Horse. Until France had regained those economic and political positions "which she occupied in the middle of the nineteenth century," European union must stand still, lest it get unwholesomely ahead of itself.

While the other five members of the European Economic Community have opposed both the thrust and the implications of this French policy, their motives are not neces-

sarily identical, their intentions not exclusively "European." The small Benelux nations can be said to have recognized that cultural nationalism is all they can afford.⁷ Italy has adopted a curious passivity, in which she "goes along" with a Europe of the Six that does itself not seem to be going anywhere, without however indicating any desire to embark again on any policy of national aggrandizement.⁸ Which leaves the last remaining power in "Europe," the Federal Republic of Germany. West Germany's national problems are as complex and as pressing as those of France.

THE GERMAN POLITY

There have been many changes since the Federal (Bonn) Republic was last discussed in the pages of *Current History*.⁹ Ludwig Erhard has muffed his date with history and has become another Caprivi. His successor, Kurt-Georg Kiesinger, has sought to improve on the touted economist's performance by choosing the Grand Coalition with the Social Democrats. As a result, the government controls 447 seats in the *Bundestag*, and the declining Free Democratic Party, which lost heavily in the elections of 1965, constitutes a significant opposition (49 votes) by courtesy only.

Kiesinger's gambit may go down in history as the moment at which the Federal Republic turned from a thriving polity into a decadent system. The Social Democrats, accused as far back as 1965 as being increasingly a pink image of the Christian Democrats, have surrendered their independence. In 1965, they campaigned as the opposition. It is safe to assume that they attracted a record vote as a result. Then they turned around and joined the establishment. The Free Democrats, now in opposition, electioneered as a government party.

Is there an opposition left? And if so, who represents it? The answer can be found in the growing radicalization of West German political life, both in Berlin and west of the line of demarcation.

A radical left is so far most vociferously present among university students. But that

⁷ See the fervent indulgence of that luxury by Flemish and Walloon.

⁸ Cf. Altiero Spinelli, "Supranationale Politik mit nationalstaatlichen Methoden. Kritische Randbemerkungen zur Aussenpolitik der italienischen Republik," *Europa Archiv*, XXII (1967), 657-666.

⁹ Hans A. Schmitt, "Ludwig Erhard: Another Bismarck?" *Current History*, May, 1966, pp. 257-262, 308. The title was not the author's.

is important enough. These young people have legitimate grievances against university conditions that make Berkeley a terrestrial paradise by comparison. To a new generation, pressed by experience and conviction to come to grips with unprecedented moral and social issues, West German institutions of learning—where massive anonymity and a rigidly unchanging curriculum is the norm both in the lecture hall *and* in the seminar—symbolize an order doggedly dedicated to futility.

It is impossible, as yet, to calculate how many student demonstrators are sowing wild oats, and how many will found and populate a new revolutionary mass movement on the left. The specific conditions they oppose and condemn can hardly be defended.

The radical right (discussed elsewhere in this issue at greater length) manifests itself more conventionally through the National Democratic Party, not to be confused with a shadow party of the same name in the German Democratic Republic (D.D.R.). It, too, has a following among students—its *Deutscher Studenten Anzeiger* is the largest such paper in the Federal Republic—but two-thirds of its support derives from an age group between 30 and 60, while 95 per cent of its clientele consists of Germans who have not enjoyed the privilege of higher education.¹⁰

The motto of the N.P.D.'s newspaper *Deutsche Nachrichten* is "Fatherland-Honor-Right to Existence" (*Vaterland-Ehre-Lebensrecht*), and Europe plays no part in its program. It accepts the close political association with France until the achievement of unification will presumably render Germany strong enough to stand by herself. Meanwhile it castigates the assumption of Hitler's war guilt, and discusses *Allied* war crimes as well as the role of "World Zionism" in unleashing World War II. It is anti-Communist, anti-socialist and, like the Communists

and the radical left, anti-American. It appeals with some success to the "small people," farmers, tradespeople and small businessmen, and to other social groups which are generally characterized by a low level of education. It has sought, less effectively, to gain a hearing among refugees, "victims of denazification," veterans ("restore the honor of the German soldier"), and noncommissioned and junior officers in the armed forces.¹¹

While the N.P.D. drew only 2.9 per cent of the vote in the federal elections of 1965, the appeal from its posters ("Now, you too can vote") clearly went to the alienated supporters of a Germany of another day, and in subsequent state elections their showing improved notably. Today N.P.D. representatives sit in the state legislatures of all larger states of the Federal Republic. Some observers feel that the future of the N.P.D. is mainly a matter of momentum. "Should one realize some day that neighbors, friends, and colleagues share one's views, that [Germany] should stop restitution to Israel, finish with war crimes trials, no longer pay attention to foreign powers, put energetic men [in positions of authority] instead of parliaments, decree shorter hair for boys and longer skirts for girls," this party may indeed turn into the opposition which has all but disappeared from the political scene.¹²

The sum total of these appeals is powerful. Correcting the mores of the young is always a favorite reactionary pastime. Beautifying or simply wiping out the memory of a painful past is a universal human instinct. Deprecating foreigners and revolutionaries is a popular sport among all nations and in all societies. No amount of reasoning can hold back a political tide which indulges these pervasive habits and prejudices. If a people is satisfied with its condition it will not hear such voices of discontent; if it is at odds with itself and the world, no warning will keep it from listening to them.

PUBLIC DISCONTENT

Are the citizens of the Federal Republic today content? Probably less so than they were two years ago. Even then, prosperity seemed

¹⁰ Klaus Liepelt, "Anhänger der neuen Rechtspartei -über das Wählerreservoir der NPD," *Politische Vierteljahresschrift*, VIII (1967), 237-271.

¹¹ Herbert Kohl, "Die 'Deutschen Nachrichten' . . .," in *ibid.*, 272-292.

¹² Liepelt, *op. cit.*, p. 267.

to many no "be-all and end-all" of existence. Now that prosperity has become more precarious, it is less of a barrier against radicalism. And among those whose economic existence has deteriorated, the search for alternatives to the Federal Republic is obviously more than a passing fancy. Not that the economy is in trouble. Despite rising unemployment, there are still more skilled jobs going unfilled than there are unskilled jobless to fill them. West Germany's public debt at all levels—local, state, and federal—is still so much lower than in the United States and Britain for instance,¹³ that sectors of weakness could easily be strengthened by a substantial infusion of public funds. But West Germany does not need an economic crisis to generate substantial discontent.

For almost two years now the Federal Republic has been governed by its Grand Coalition, but the problems of unification and identification remain unsolved, and no one knows how to solve them. This has not only led to an impasse *per se*, but threatens to stultify West German achievement on other foreign policy fronts.

West Germany is obviously interested in establishing relations with eastern Europe. She has succeeded in Rumania; and on January 31, 1968, full diplomatic exchanges were resumed with Yugoslavia. But success in the two maverick capitals, Belgrade and Bucharest, has remained isolated. Poland, together with Czechoslovakia the most important and elusive objective of West Germany's diplomatic offensive, has named her price: Bonn's acceptance of the Oder-Neisse Line as Poland's western border, and the recognition that there will continue to be two governments representing what is left of Germany. This puts Chancellor Kiesinger right back into the famous railway car in the forest of Compiègne. The Polish position is to tell the Germans that they have no bargaining position and must pay whatever price others fix.

As far as the Oder-Neisse Line goes, Germans themselves realize that they must accept

it implicitly if not explicitly. They have no way of recovering these lands, and no other government is committed to help them. After suffering the most unheard-of outrages at the hands of their western neighbor, Poles have settled this area. The Germans have been driven out and have been absorbed into the German Democratic Republic (East Germany) and the Federal Republic. Regardless of the legal niceties, according to which the disposition of this "East Germany" was assigned to a peace conference which never met, the diplomacy of passing time has rendered a verdict that cannot be reversed. Nonetheless, the Polish position, which is perpetually to cry "revanchism" while doing everything possible to promote that dreaded symptom, is sterile. Only a helpless, defeated enemy can be asked to make his commitments before the negotiations begin. West Germany may have to sign away what she had lost before the war was over, but to deny her a bargaining right in this transaction reveals that the Polish government, too, forgets nothing and learns nothing. Poland's second demand, that Chancellor Kiesinger accept Germany's division, is tantamount to saying that Poland is not interested in restoring diplomatic relations with the Federal Republic. It is like exacting the liquidation of the Bonn regime, which even to a Communist ought to look better than any of its forerunners. Perhaps Warsaw is dreaming of a Communist succession, but these are foolish and dangerous dreams. The strongest opposition to the Bonn system in West Germany today is on the right, not the left.

Meanwhile, the Bonn government stands by its European commitments, as well it might. To the Common Market, West Germany has sacrificed her high agricultural prices, but in return she has obtained equalization payments whose total compares favorably with her current restitution payments to the victims of Nazism. Since the signing of the Treaty of Rome in March, 1957, all available statistics reflect staggering increases in the Federal Republic's national product, in individual productivity on farms and in factories, in raises in individual income and investment

¹³ Germany's per capita indebtedness in DM is 1,882 compared to 8,658 (equivalent) in the United States.

abroad both within and without the European community. And as West Germany has not succeeded in thawing the Eastern bloc, her only diplomatic ties remain with the West, and she must nurture and expand them. "Europe" and its growth, rather than national resurgence, is therefore also her chief foreign policy objective. This means that she supports Britain's entry into the Community, and it means that she favors functional as well as physical expansion. As Chancellor Kiesinger told the Bundestag on June 7, 1967:

Europe will only be able to attain its rank, its dignity, [and] its influence in the world, also for peace, if it decides and further if it succeeds . . . by whatever methods to found a European political union.¹⁴

FRANCO-GERMAN INTERESTS

Kiesinger's view of the substance of this political union is probably not too far removed from de Gaulle's. France seeks to recover national self-respect, Germany, national unity. Both have made overtures to the Soviet bloc countries; both have been rebuffed, by Poland in particular. (When de Gaulle recalled to Wladyslaw Gomulka past Franco-Polish friendship, he was reminded that not a single French soldier defended Poland against the German assault in 1939.) The economies of both have become so thoroughly Europeanized that a return to prewar isolation is impossible. Both are dependent on the American presence in the now less likely case of an attack from the East.

Under these conditions both remain equally unwilling to surrender the control of their foreign policies to a supranational European government. A European foreign office could not pursue such Gaullist adventures as the French presence in Latin America, the cultural and political separation of Quebec, and the nuclear *force de frappe*. The jurisdiction of a European foreign office, furthermore, would clearly extend only as far east as the line of demarcation, and could not even include West Berlin, which is under an occupation regime including non-European powers.

Germany and France differ over the territorial composition of a "Europe of states."

France prefers the present association of the Six, ostensibly because the entry of Great Britain and her E.F.T.A. friends would weaken what has been accomplished. But one must not overlook the fact that de Gaulle's design of limited political union, consisting of periodic meetings by heads of state, and a secretariat without powers, would be dominated by him. He is the only Common Market executive with substantial powers. The monarchs of the Benelux states and the presidents of the Federal Republic and Italy are figureheads. This European union would be de Gaulle's union. If France's present constitution survives him, it would become his successor's preserve. If not, the specter of German hegemony would again arise, causing tensions in the West which would weaken the Community as seriously as would the difficulties attending the absorption of Great Britain.

Thus French policy is both unsatisfactory and risky. It confronts a Germany boxed in on her eastern borders with a Western community in which she can only play second fiddle to France. This French policy rests on the questionable assumption that France is strong enough to preserve her present eminence in the community of the Six. That eminence is tolerated by the other members largely because they have enough patience to await de Gaulle's demise.

Meanwhile Franco-German tensions inevitably and unnecessarily mount. Only the installation of a balancing wheel through the admission of another power such as Great Britain can reduce them to a point where the death of Charlemagne's successor can be

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¹⁴ *Das Parlament*, June 14, 1967.

This expert points out that West Germany's "offer to ignore the Hallstein doctrine in East Europe and friendly gestures to East Germany represented a significant departure in West German foreign policy."

Germany and East Europe: Problems of Détente

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SINCE THE ESTABLISHMENT of the Federal Republic of Germany in 1949, the ultimate goal of its foreign policy has been German reunification "in peace and freedom," to use the official formula. In practice, the achievement of other goals, such as European integration, and security from Soviet aggression, has been given higher priority.¹ It may also be true that some West German politicians, including the late Chancellor Konrad Adenauer, have seen potential domestic political disadvantages in reunification. Nevertheless, the artificial division of Germany remains the paramount problem faced by West German statesmen. It colors all major facets of the Federal Republic's foreign relations and inhibits ordinary diplomatic flexibility. Any discussion of the recent West German détente policy must begin with the problem of reunification.

Shortly after the formation of the Federal Republic, the Soviet Union converted its occupation zone into a so-called German Democratic Republic (D.D.R.). The Potsdam agreement of 1945, which provided for the division of postwar Germany into four occupation zones, had not envisioned separate German governments or a permanent partition of Germany. But the emergence of the

Federal Republic and the D.D.R. raised the possibility of a long-term division. This possibility became a probability when the D.D.R. was eventually recognized as a sovereign state by the Soviet Union and the satellite regimes of Eastern Europe, and later entered the Warsaw Pact. From the Soviet standpoint, an effectively neutralized or communized Germany was a more desirable goal, but that was not an immediate likelihood. In theory, the D.D.R. was supposed to provide the basis for a reunified Germany but, in practice, the Soviet Union opted for a "two-Germanies" policy.

There were, of course, many differences between the two "Germanies." The Federal Republic was the product of freely-conducted elections. It contained the overwhelming majority of the German people, most of the territory of postwar Germany, and the most important German industrial regions. The major political parties shared a common commitment to constitutional democracy. The D.D.R., by contrast, was a rump state without popular support, whose continued existence depended on the presence of Soviet bayonets.

From the outset, it was a fundamental principle of West German foreign policy to deny the legality of the D.D.R. and to prevent its recognition as a second German voice in international relations. Until such time as free elections were held, the government of

¹ For an interpretation of West German foreign policy from this point of view, see Werner Feld, *Reunification and West German-Soviet Relations* (The Hague: Martinus Nijhoff, 1963).

the Federal Republic, as the only freely-elected German government, insisted on the right to speak for all Germans in international relations. Every West German cabinet has carefully reiterated that claim.² With the exception of Communist countries, the rest of the world has tacitly accepted the West German position.

THE HALLSTEIN DOCTRINE

West German stature in international relations was increased by the establishment of diplomatic relations with the Soviet Union in 1955. The Soviet Union recognized the Federal Republic without insisting on its reciprocal recognition of the D.D.R. This success, however, was counterbalanced by the danger that other nations might utilize Soviet recognition of the Federal Republic as an excuse to extend recognition to the D.D.R. In December, 1955, an attempt was made to ward off such a possibility; Foreign Minister Heinrich von Brentano announced that the Federal Republic would refuse to maintain diplomatic relations with any government which formally recognized the D.D.R. This principle is usually referred to as the Hallstein doctrine.³ The Soviet Union was regarded as an exception, since it occupied a special position in German affairs (as one of the four powers held responsible for German reunification). Reunification, in any event, depended on Soviet acquiescence.

From 1955 until 1966, Chancellor Konrad Adenauer and his successor, Ludwig Erhard, steadily adhered to the Hallstein doctrine. It was actively invoked only once. In 1957, despite repeated warnings from Bonn, Yugoslavia recognized the D.D.R. The Federal Republic immediately severed diplomatic re-

lations with Tito's government (but retained economic relations and consular representation). Adherence to the Hallstein doctrine also meant that diplomatic relations could not be established with any of the Warsaw Pact states, since all of them recognized the D.D.R.⁴ In effect, then, the de facto partition of Germany had come to restrict West German diplomatic possibilities in East Europe.

The Hallstein doctrine did not, of course, preclude all contacts with East Europe. As mentioned above, economic and consular ties with Yugoslavia were retained after 1957, and efforts were made to build up trade, cultural and sports exchanges with the Warsaw Pact countries, especially during the chancellorship of Ludwig Erhard from 1963 to 1966. By and large, however, West German policy in East Europe remained immobile.

By the late 1950's, Chancellor Adenauer's East European policy was already suffering considerable criticism in West Germany. It was argued that West German policy was one-sidedly defensive and that the Hallstein doctrine was preventing any real West German initiative in East Europe. "Normalization" of relations with the Warsaw Pact countries might aid in detaching them from Moscow and the prospects for reunification might be advanced because the Federal Republic would then be in position to take advantage of its moral and material superiority to isolate and weaken the D.D.R.

These criticisms were related to the dissatisfaction of many West Germans with Chancellor Adenauer's tacit acceptance of German disunity. His position had always been that the best hope for reunification lay in the strength of the Western alliance which, in turn, would eventually bring the Soviet Union to recognize the desirability of a general settlement. Reunification was considered a prelude to better relations with the East. This argument was weakened not only by the passage of time, but also by the feeble reaction of the Western powers to the construction of the Berlin Wall in 1961, an event which seemed to symbolize the failure of the Federal Republic's reunification policy.

² Cf. Chancellor Kiesinger's "Regierungserklärung," in *Deutsche Politik 1966* (Bonn: 1967), pp. XVIII-XIX.

³ Named after Walter Hallstein, then state secretary in the foreign ministry, and Chancellor Adenauer's closest associate in foreign affairs between 1952 and 1955.

⁴ The Hallstein doctrine, naturally, restricted relations with Communist regimes outside of Europe also; but whether or not the Federal Republic has a mission in Ulan-Bator is scarcely a matter of significance compared to whether or not it is represented in Warsaw, Prague, Bucharest, Budapest or Sofia.

THE GRAND COALITION

No significant departures were made, however, as long as Konrad Adenauer was chancellor. His successor, Ludwig Erhard, increased West German trade initiatives and suggested non-aggression agreements with the East European states.⁵ Otherwise, however, he adhered to the main outlines of his predecessor's policy. It was not until the chancellorship of Kurt-Georg Kiesinger and the formation of the so-called Grand Coalition in December, 1966, that the Federal Republic began to explore new approaches in East Europe.

The Grand Coalition includes the two major West German parties, the C.D.U.-C.S.U. (Christian Democrats) and the S.P.D. (Social Democrats). Insofar as foreign policy is concerned, the formation of the Grand Coalition marks the completion of a bipartisan trend begun in 1960. After 1960, the S.P.D. officially supported Konrad Adenauer's policy of European integration and alignment with the West. On the other hand, the S.P.D. continued to exhibit greater impatience about reunification than the C.D.U.-C.S.U. Toward the end of the Adenauer era and during the Erhard chancellorship, the S.P.D. demanded greater "flexibility" in dealing with the East European regimes. Willy Brandt, chairman of the S.P.D. since 1964 (and now foreign minister), was an advocate of the current "step by step" policy of détente between the Bonn government and the countries of East Europe.

Circumstances in the mid-1960's appeared to favor such a policy. The development of "polycentricism" in the Communist world increased the independence of the Warsaw Pact countries and raised the possibility of isolating the D.D.R. from its East European neighbors. The 1960's brought the concept of détente into vogue, not only in West Ger-

many, but also throughout the West. In October, 1966, United States President Lyndon B. Johnson announced that the United States favored détente in East Europe and implied that German reunification could come about only after a general European détente (a tacit reversal of the previous American position). It was also difficult for the West Germans not to make some concessions to French President Charles de Gaulle's insistence on closer relations with East Europe.

It should be emphasized, however, that the Grand Coalition's policy of détente is also a response to domestic opinion and to the increasingly obvious need for greater freedom of action in foreign affairs. In the past, Chancellor Kiesinger was classified among the "most loyal" supporters of Konrad Adenauer's foreign policy, but the new cabinet admitted that achievement of Germany's "greatest national task," reunification, was no closer in 1966 than it had been in previous years.⁶ At first tacitly, then explicitly, Kiesinger repudiated the Adenauer formula that reunification must precede détente:

There have been times when we said: "First reunification, then détente." In these days continuation of such a policy would be a politically impossible alternative.⁷

In his initial "policy statement" (*Regierungserklärung*) of December 13, 1966, the new Chancellor announced that the Federal Republic was willing to establish diplomatic relations with the East European states and to make positive efforts to increase contacts between the two parts of Germany. The general policy of the Federal Republic would be aimed at a relaxation of tension. On the other hand, the usual reservations were made about the legality of the D.D.R. and Germany's postwar frontiers; continuing loyalty was pledged to NATO, the Common Market and France.⁸

BEGINNING OF DÉTENTE

This was a cautious statement that elicited complaints, in some quarters, that the Chancellor had not gone far enough. But the importance of the new line was clear. The of-

⁵ The German term *Gewaltverzichts-Abkommen* has the sense of a mutual renunciation of force, but does not translate readily into English.

⁶ *Deutsche Politik* 1966, p. 2.

⁷ Address delivered at Pirmasens, November 4, 1967, in *Bulletin des Presse- und Informationsamtes der Bundesregierung*, November 10, 1967, p. 1096. Hereafter referred to as *Bulletin*.

⁸ Text in *Deutsche Politik* 1966, pp. XV-XIX.

fer to ignore the Hallstein doctrine in East Europe and friendly gestures to the D.D.R. represented a significant departure in West German foreign policy. The tone was set for the policy of *détente* which has since been pursued.

There are, of course, practical obstacles. Despite the emergence of polycentricism in the Communist world, the freedom of action of the East European states is still circumscribed by existing political, military and economic ties to the Soviet Union. The D.D.R. has grown even more important to the Soviet Union in recent years and it is not likely to be abandoned or allowed to be weakened. Some East European countries have reason to fear German territorial ambitions, and as a result of the Nazi occupation there is considerable hostility toward Germany among East Europeans.

Enmity between the Germans and the peoples of Eastern Europe should not, however, be exaggerated. There have been serious national antipathies among all the peoples of Eastern Europe. These were suppressed after 1945 as a matter of Soviet policy; anti-Germanism was encouraged as a substitute. With the emergence of polycentricism, however, the old hatreds have tended to surface. Anti-German feeling, while not negligible, is no insuperable obstacle to the normalization of diplomatic relations between the Federal Republic and the various regimes of East Europe.

A more serious obstacle to *détente* is the fear of renewed German territorial and military ambitions, usually summed up in the Soviet propaganda formula: "West German

militarism, revisionism, and revanchism." Such fear is strong primarily in Czechoslovakia and Poland, both of which now hold territory that was inhabited by Germans and was part of the prewar German *Reich*. After World War II, Czechoslovakia recovered the so-called Sudetenland, which had been lost to Nazi Germany as a result of the Munich agreement of 1938. Poland acquired the German territories east of the Oder and Neisse rivers (with the exception of that part of East Prussia taken by the Soviet Union). The surviving population of these territories was expelled and resettled in the remainder of Germany.

The government of the Federal Republic has always made a distinction between the Sudetenland and the so-called "Eastern territories" taken by Poland. Although the rights of the Sudeten German refugees have never been flatly repudiated, no frontier problem is considered to exist between Germany and Czechoslovakia. All West German governments have declared the Munich agreement to be "no longer valid"⁹ (the Czechs insist that it never was valid).

POLISH BORDER

The question of Germany's frontier with Poland represents a far more serious problem.¹⁰ The Potsdam Agreement defined Germany's frontiers as those of 1937, until such time as a peace treaty should be negotiated. The Eastern territories were, however, placed under "Polish administration." No German government has been willing to accept the Oder-Neisse frontier as final. Not only would domestic political pressure from millions of "expellees" make such acceptance a flirtation with electoral suicide, but also the existing claim to the Eastern territories is a potential bargaining counter to be used in negotiations for reunification. The latter consideration appears to carry more weight with West German diplomats than any expectations of actually recovering the Eastern territories in the foreseeable future.¹¹

The Soviet and Polish propaganda line has consistently demanded voluntary West German recognition of the Oder-Neisse line as a

⁹ Cf. *Deutsche Politik* 1966, p. XVI.

¹⁰ A considerable literature already exists on this subject, most of it partisan. Different points of view are represented in the following works: Goettingen Research Committee, *German Eastern Territories* (Würzburg: Holzner, 1957); Andrzej Leśniewski, *Western Frontier of Poland* (Warsaw: Polish Institute of International Affairs, 1965); Friedrich Wilpert, *The Oder-Neisse Problem* (Bonn, Brussels, New York: Edition Atlantic-Forum, 1964); Elizabeth Wiskemann, *Germany's Eastern Neighbors* (London: 1956).

¹¹ Cf. Wilhelm Grewe, *Deutsche Aussenpolitik der Nachkriegszeit* (Stuttgart: Deutsche Verlags-Anstalt, 1960), pp. 420-21; Richard Hiscocks, *The Adenauer Era* (Philadelphia: Lippincott, 1966), p. 265.

prelude to better relations.¹² Similar exhortations have come from respectable non-Communist sources in West Germany and other Western countries. It is unlikely, however, that any West German government will give up its claims without getting something solid in return. And the Wladyslaw Gomułka regime in Poland appears to be unwilling to establish diplomatic relations with the Federal Republic without formal acceptance of the Oder-Neisse frontier by the West Germans.¹³

RELATIONS WITH RUMANIA

Thus far the most noteworthy achievement of the Grand Coalition's détente policy was the establishment of diplomatic relations with Rumania in January, 1967. Bucharest was the logical place to start. Rumania was interested in increased trade, and General Secretary Nicolae Ceausescu showed considerable willingness to follow an independent diplomatic line. The Rumanians demanded no special conditions, and in public statements no mention was made of the Oder-Neisse line or the D.D.R.

The East German party boss, Walter Ulbricht, accused the Rumanians of "deplorable" conduct in these dealings with the Federal Republic. The Rumanians responded with a charge that Ulbricht was interfering in their domestic affairs. In an effort to strengthen its position, the D.D.R. concluded bilateral treaties of friendship with the other Warsaw Pact states (except Rumania). Since the Rumanian episode, Ulbricht has demanded that his allies extract "political concessions" (i.e., some sort of recognition of the D.D.R.) in exchange for diplomatic relations with the Federal Republic.



* Unshaded portion, former German territory

GERMANY'S BORDERS

Despite Ulbricht's objections, in the first months of 1967 it was confidently predicted that Hungary, Bulgaria, and even Czechoslovakia would soon follow the Rumanian lead and establish diplomatic relations with the Federal Republic. These expectations have not materialized, although the Czechs and West Germans did exchange trade missions in 1967.¹⁴

The Soviet Union appears to have held back the Bulgarians and Hungarians.¹⁵ Despite the so-called Bucharest Declaration of July, 1966, which appeared to invite the type of contact advocated by the Grand Coalition, recent West German moves in Eastern Europe have been received with considerable coolness by the Soviet Union.¹⁶ At the Seventh Congress of the S.E.D. (Socialist Unity Party) in East Berlin, in May, 1967,

(Continued on page 305)

¹² The D.D.R. recognized the Oder-Neisse frontier in 1950.

¹³ Richard F. Starr, "The Hard Line in Poland," *Current History*, April, 1967, p. 213.

¹⁴ Such contacts had already been established with Rumania, Bulgaria, Hungary and Poland in 1963.

¹⁵ See Stephen Anderson, "Soviet Russia and the Two Europes," *Current History*, October, 1967, p. 206.

¹⁶ For the text of the Bucharest Declaration, see *Current History*, October, 1967, pp. 236-237.

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As this specialist surveys West Germany he says the people seem to be telling their leaders "to be less fearful of the great power to the East, less accommodating to the great power to the West, and more neutral with respect to the concerns of both."

West Germany's Defense Policies

BY HORST MENDERSHAUSEN
The RAND Corporation

MORE THAN IN ANY OTHER West European country, military developments in the Federal Republic of Germany have been molded by external forces. Having been disarmed, the West Germans were urged by their conquerors to rearm in certain ways. Their response was accommodating. For one and one-half decades, they put the Western alliance and rearmament at the head of their practical policy concerns.*

At the end of 1967, an official review of the first year of the Grand Coalition government recorded a departure from this attitude, by way of a statement and an omission.¹ It stated that for the first time in the Federal Republic's history domestic policy, not foreign, had been given top priority. It failed

* Any views expressed in this paper are those of the author. They should not be interpreted as reflecting the views of The RAND Corporation or the official opinion or policy of any of its governmental or private research sponsors.

¹ The review was offered by Parliamentary Secretary Karl-Theodor Freiherr von und zu Guttenberg of the Federal Republic Chancellery. *Bulletin des Presse-und Informations-amtes des Bundesregierung*, December 12, 1967, hereafter called *Bulletin*.

² See Konrad Adenauer, *Memoirs 1945-1953* (Chicago: Regnery, 1965), p. 270.

³ The governments of the United States, Britain and France committed themselves to these positions in the Paris-London agreements of October, 1954, in exchange for German commitments to arms limitations (notably abstinence from a violent pursuit of unification and from the production of nuclear weapons) and to the defense contribution. Department of State, *American Foreign Policy 1950-1955*, Basic Documents, Washington, D.C., 1957, Vol. I, pp. 488 and *passim*.

to refer to the Atlantic Alliance or to West Germany's relationship to the United States. The alliance was no longer the hub of the state and the motor of its defense establishment. How did this new situation come about?

Three considerations had led Chancellor Konrad Adenauer to respond to American urgings for West German rearmament following the outbreak of the Korean War, and to enter (and win) the domestic struggle for a German "defense contribution" to the Alliance:²

(1) By establishing the *Bundeswehr*, the Federal Republic provided security, not so much by its own force as by the enlistment of American and other Western forces in a standing NATO army on German soil. This served to gain physical security for West German territory against Soviet-East German aggression; to gain support for the Federal Republic's claim to "speak for Germany in international affairs"; and to achieve "by peaceful means a reunified Germany, enjoying a liberal-democratic constitution."³

(2) The *Bundeswehr*, integrated in Alliance forces—in the original concept, those of the European Defense Community and ultimately, after E.D.C.'s stillbirth, those of NATO—was not to be the usual proprietary instrument of a national state, but was regarded as a device to transcend a West German state and to imbed it in a Western or "European" commonwealth-to-be.

(3) The *Bundeswehr* was also necessary to gain from the Western victors basic elements of state sovereignty for the Federal Republic. By assuming the task of "defense including conscription" through an amendment of its original, defense-blind constitution (the "Basic Law"), the Federal Republic met an allied requirement that it become a "sovereign state," albeit restricted with regard to "Berlin," matters affecting "Germany as a whole," and troop stationing rights.⁴

These considerations reflected a constellation of power in the West, the conflict with the Soviet Union, and also—after an arduous domestic debate with the socialist opposition—the preferences of the West German body politic over such alternatives as national neutralism and rapprochement or submission to the Soviet Union.⁵

RISE OF THE BUNDESWEHR

In 1955, the first soldiers of the *Bundeswehr* donned uniform; and in the ten years that followed the West German army, navy and

⁴ See *American Foreign Policy*, pp. 486, 610, 613 ff. Troop stationing in the Federal Republic by the United States, United Kingdom, and France, in turn, was needed for the *Bundeswehr's* "integration" in NATO.

⁵ See Hans Speier, *German Rearmament and Atomic War, The Views of German Military and Political Leaders* (Evanston: Northwestern University Press, 1957).

⁶ The Handbook *Innere Führung* is widely identified with General Graf Baudissin, who headed a section of that name in the *Bundeswehr* high command.

⁷ "The defense principle of NATO," says a handbook for *Bundeswehr* soldiers, "is indirect defense, because it assigns the highest task to war prevention by strength and preparedness. Only in the second place does this strength serve retaliation." Eric Waldman, *Soldat im Staat* (Boppard: Boldt, 1964), p. 178. The German defense establishment adopted this principle with a vengeance, so that it sometimes seemed to sacrifice combat suitability to the trappings of a deterrent posture, and to treat the eventuality of combat as a proof of failure rather than as the ultimate test of the establishment.

⁸ Former Inspector General Adolf Ernst Heusinger declared the relevant military values to be "freedom, justice, peace, humanity, responsibility, conscience, fidelity, and bravery. These values burst the national frame, the national tradition." Cited in Waldman, *op. cit.*, p. 202.

⁹ *Bundeswehr* officers complain that the community treats the army with condescension and as an expensive show. These attitudes are engagingly described in a widely-read little novel by Heinrich Böll, *Ende einer Dienstreise* (Cologne: Kiepenheuer & Witsch, 1966).

air force came to form the largest military establishment in West Europe. This was the only completely "integrated" national force in NATO, without a general staff of its own and with its missions defined entirely by NATO. Its rapidly-growing budget reflected the hasty buildup of both personnel and materiel from scratch.

Its stated organizational philosophy, developed under the name of *Innere Führung* (Internal Guidance), was remarkably unauthoritarian (stressing the rights of the "citizen in uniform"),⁶ unmilitaristic (stressing deterrence over combat),⁷ and Free-World rather than nationally oriented,⁸ in an endeavor to break away from military traditions of the Empire, the Weimar Republic, and especially the Hitler *Reich*. Its heavy armament was largely imported from the United States, and many of its leaders and specialists were trained there. The quality of this force was always limited by shortages of commissioned and noncommissioned officers and other imbalances; its quantitative growth had first claim on the state's resources. The *Bundeswehr* never gained the popular prestige of its predecessors,⁹ although parliamentary opposition to rearmament in NATO ceased in 1960, with the conversion of the Social Democratic party.

The reversal of West German priorities and the downgrading of foreign and military policy issues came about through changes in the internal and external constellation of forces that developed in the 1960's. Financial and political strains, internal and external, brought the *Bundeswehr* into a period of uncertainty from which it may emerge as a very different organization.

A BUDGET DECISION

There can be no crisis in public finances without a political impasse compelling it. In 1966, the Federal Republic experienced a stagnation of its economy for the first time. The weak and overcommitted regime of Chancellor Ludwig Erhard was unable to meet the effect of falling incomes on the budget either by retrenchment or by pump-priming. Unwilling to abandon the plans

for expanding the *Bundeswehr* to which he was committed in NATO, and beset by opposition inside his own coalition of Christian Democrats (C.D.U.-C.S.U.) and Free Democrats (F.D.P.), Erhard staked his luck on the possibility of stretching out German payments under the arms-purchase agreement with the United States, which had been designed to offset annual United States troop expenditures of about \$700 million in West Germany. His failure to accomplish this during his visit to Washington in September, 1966, broke the back of his government and ushered in the Grand Coalition of Christian Democrats and Social Democrats (S.P.D.).

Chancellor Kurt-Georg Kiesinger's socialist partners demanded a freezing of the *Bundeswehr's* size. With important Christian Democrats, they looked for a reorientation of military policy related to more intimate cooperation with France and a foreign policy of détente toward the East. But the immediate decisions changed financial practice rather than "high policy." The budget policy of Franz-Josef Strauss and Karl Schiller set out to stimulate the "social market economy" through an extraordinary investment budget directed at civilian production and exports. In the offset payment negotiations with the United States (and Britain), the Federal Republic agreed in March, 1967, to meet its obligations under the previous agreement; but it insisted on, and obtained United States consent to, an ending of the full offset purchase commitment for United States troop

expenditures after mid-1967. From then on, German purchases of American arms would be subject to ad hoc decisions.¹⁰ Finally, in July, a five-year federal budget plan was announced which provided for the decline of the defense budget from DM (*Deutsche Mark*) 19.4 billion in 1967 to DM 18.5 billion in 1968, instead of the increase to the DM 20 billion (or more) which Erhard had foreseen.¹¹ For later years, the plan suggested a gradual increase.

This was not the first time West Germany's defense appropriations had declined from one year to the next. They had declined also in 1965-1966. But at that time the active strength (and personnel costs) of the *Bundeswehr* had continued to grow. This time, it was made clear that the number was not to rise above the existing 456,000 level, and official rumors suggested that the level might soon have to be cut by 60,000. The rumors were quickly denied by Chancellor Kiesinger, partly in fear of a chain reaction of allied troop withdrawals. During his first visit to Washington in August, 1967, Kiesinger promised to limit personnel cuts to 19,000 men in the near future. But this appeared to be only a beginning. Moreover, a qualitative change is foreshadowed by the new concept of "graduated presence," offered by General Ulrich de Maizière, Inspector General of the *Bundeswehr*. Some of the army's 12 divisions may be transformed from fully manned to cadre divisions, with reservists rotating through these units. Thus the force appears to be moving toward some number in excess of 400,000 which will allow a gradual decline of annual draft calls.¹²

EQUIPMENT CUTBACKS

Perhaps more important than the immediately foreseeable personnel cuts were the cutbacks of ambitious procurement plans. Expenditures for heavy equipment (notably aircraft) had already begun to decline after 1963. The new budget squeeze foreshadowed the abandonment of several projects for large reequipment purchases, notably from foreign (American) sources, e.g., purchases of new heavy tanks and vertical takeoff fighter air-

¹⁰ See the U.S. government statement on the conclusion of the tripartite talks for the financial and troop redeployment plans formulated at the time. *The New York Times*, May 3, 1967.

¹¹ In the budget presentation, the decline was veiled by subtracting DM 1 billion each of as yet unspent deposits for future U.S. arms deliveries from the defense appropriations for 1966 and 1967, and by adding these sums to the appropriations planned for later years. Thus, while appropriations were reduced—to the unhappiness of the defense minister—funds "available for military expenditures" could be shown as continuing in the direction of NATO expectations, i.e., upward. Bulletin Press and Information Service of the Federal Government, July 20, 21, and 25, 1967.

¹² *Die Welt*, September 8 and 9, 1967. Drafts now make up 47 per cent of *Bundeswehr* personnel, and the government is trying to lower this percentage. See statement made by Defense Minister Gerhard Schröder, according to the minutes of the *Bundestag*, December 6, 1967, p. 7143.

craft that have been developed jointly with the United States and of Phantom fighter-bombers from the United States. These tendencies were soon confirmed, and so were parallel efforts to utilize present heavy equipment (e.g., "Leopard" tanks and F-104 aircraft), to procure preferably from domestic manufacturers, to prepare and spend less for readiness to fight a great "conventional" war, and instead to gain time for reassessing military needs in the light of developing technical and political circumstances.

The budget decision of 1967 did not signal a shift to a new concept for the *Bundeswehr*, but revealed departures in various respects from the framework in which the Federal Republic had built its NATO force. A search for a new role had begun. The war-ready military posture, German and allied, on German soil was no longer a key element of West German policy.

LOOSENING OF THE POSTWAR FRAMEWORK

The reversal of priorities and the search for a new military policy—which distinguish the Grand Coalition from the Adenauer-Erhard era—reflect significant changes in German opinion and in international circumstances.

The shift of opinion can be measured by a comparison of West German opinion polls between 1952–1953, when the decision to rearm was taken, and 1966–1967, when the war in Vietnam was unfolding. In reply to identical questions, 66 per cent of the earlier respondents considered the Federal Republic to be threatened by Russia, and 15 per cent considered it not threatened; the more recent respondents divided evenly between the two options. In 1952–1953, 83 per cent urged West Germany to cooperate closely with the United States; 55 per cent urged cooperation with France; 18 per cent, with Russia. In 1966–1967, those urging cooperation with the United States had dropped to 72 per cent; those urging cooperation with France rose to 76 per cent; the figure for those urging cooperation with the U.S.S.R. rose to 41 per cent.

¹³ See notably Bogislav von Bonin, "Die Schlacht von Kursk: ein Modell für die Verteidigung der Bundesrepublik," *Der Spiegel*, November 21, 1966.

Faced with the choice of accommodating the United States or the U.S.S.R., West Germans are still partial to the United States, although not so overwhelmingly as they were in 1953. The percentage of those preferring neutrality rose from 42 to 57 in the same period.

In brief, West Germans seemed to be telling their leaders to be less fearful of the great power to the East, less accommodating to the great power to the West, and more neutral with respect to the concerns of both. These changes in outlook, some of which developed gradually, were bound to affect West German defense dispositions.

CHANGED OUTLOOK

The change in international circumstances is harder to summarize. The expectations that led Adenauer to arm the Federal Republic as a member of a Western, anti-Soviet, security community have in part been fulfilled, and in part they have come to be understood as unrealizable by this method. The hopes for the growth of the Federal Republic as a productive and orderly society and a self-dependent state with an unmilitaristic army were fulfilled. But its desires for "reunification in freedom" with the Soviet-held part of the nation were not fulfilled. The military strength of the Western collective seemed of little avail in this regard. The common opposition of the Western states to the Soviet Union had given way to the cultivation, by each state individually, of communities of interests with the Soviets, which tended to consolidate the territorial-political status of divided Germany. Indeed, the Germans came to suspect that most of their Western allies were no more eager to concentrate their policies on German reunification than the Soviets were to grant it.

The Federal Republic did not suffer military aggression from the East, but few West Germans are inclined to attribute their external security to the prowess of the *Bundeswehr*, or even to NATO deployment on German soil.¹³ They rather attribute the fact that the Soviet Union has never used its great military power against them to its respect for American strategic power and to develop-

ments in the Communist world that made the U.S.S.R. assume an unaggressive posture, especially in Europe.¹⁴ Yet external security has not been accompanied by an abatement of the latent civil war conducted by the East German regime across the zonal border and the Berlin wall.

FADING HOPES FOR EUROPEAN FEDERATION

Moreover, despite Germany's interlacement with the Western economies, German hopes that an Atlantic or a West-European commonwealth would grow out of the economic-political-military Western alliance have been disappointed. The Germans had hoped for a union that would absorb the Federal Republic and give it a full share in the control of common resources. Prospects for an organic federation of the West European—let alone the Atlantic—states have practically vanished, and strong German armed forces have no leverage in this direction. Indeed German strength, military or economic, seems to make West Germany's principal allies cling to sovereign privileges and insist on

the maintenance of old, or the creation of new, external controls over the German potential rather than to pursue fusion and truly shared responsibilities.

This tendency can be seen in various fields, ranging from international finance to nuclear policy.¹⁵ In the face of United States-Soviet proposals for a nuclear nonproliferation treaty, Britain and France have shown a clear preference for keeping the Federal Republic in the position of a "nonnuclear-weapon state" rather than forming with the Germans the European nuclear force for which Franz-Josef Strauss and others have been pleading.¹⁶

POLICY OF LOW POSTURE

Lastly, in an environment in which the foreign policy pursuits of the United States and France are at cross purposes and of little appeal to most Germans; in which economic and technical interdependence is increasingly at odds with assertions of sovereign power by other states; and in which the structured political world of the 1950's has given way to a chaotic playground of forces,¹⁷ the Federal Republic has found it necessary to adopt a flexible foreign policy of her own. It can be described as a policy of "low posture," inoffensive toward powerful allies and antagonists, shy of cold war engagements and confrontations, stressing peaceful intent and all-European cooperation—a policy which is anxiously trying to come to grips with the problems of the divided German nation. In this framework, defense policy has come to serve "not only security but also European détente,"¹⁸ to preserve as much of NATO as possible—Minister Gerhard Schröder calls the alliance indispensable but a prominent German "Atlanticist" calls it a "mini-alliance"¹⁹ and the two views may not be incompatible—yet to accept with relative equanimity the withdrawals of allied troops from NATO command (France) or from permanent stations in Germany.²⁰ The Federal Republic has entered into a most difficult appraisal of the entire military apparatus. What should be the mission, the structure, the capability of that apparatus in the new setting?

¹⁴ Note in particular the statement with which Konrad Adenauer startled the last national convention of the C.D.U. he attended, that "the Soviet Union has joined the ranks of peace-loving states." *The New York Times*, March 23, 1966.

¹⁵ See Hans O. Schmitt, "Capital Markets and the Unification of Europe," *World Politics*, January, 1968; and Uwe Nerlich, "Die nuklearen Dilemmas der Bundesrepublik Deutschland," *Europa Archiv*, September, 1965.

¹⁶ Franz-Josef Strauss, *The Grand Design* (New York: Praeger, 1966), p. 64.

¹⁷ Horst Mendershausen, *Atlantica, Europa, Germania: 1966*, The RAND Corporation, October, 1966. (RM-5170-PR.)

¹⁸ Chancellor Kiesinger in the foreign policy debate of the *Bundestag*, October 13, 1967.

¹⁹ Defense Minister Schröder in the defense debate of the *Bundestag*, December 6, 1967. Theo Sommer in *Die Zeit*, December 19, 1967.

²⁰ In 1968, the Federal Republic expects more than 10 per cent of the roughly 430,000 allied (NATO and non-NATO) soldiers to leave the country: 35,000 of the 257,000 Americans, 6,000 of the 56,000 British, 5,000 of the 62,000 French, and probably some of the 50,000 Belgians and 6,000 Canadians as well. *Die Welt*, January 11, 1968. German opinion debits "NATO" with making these reductions in the absence of parallel Warsaw Pact troop reductions; but it shows no desire to make up the shortfall by expansion of the *Bundeswehr*. On the contrary, greater allied troop cuts than so far announced may be answered by greater cuts in the *Bundeswehr*.

FUTURE OF THE BUNDESWEHR

The answers cannot be found in a comprehensive plan; it does not exist. But some may be gleaned from tentative projects, and others will appear in time out of the swirling debate among experts, publicists and partisans.

Unless war threatens central Europe, the reversal of priorities will stand. The Federal Republic will probably commit a smaller proportion of its resources to defense than it has in the past, and less than its main allies.²¹ Heavy arms purchases are likely to decline further, particularly from abroad.²² French and British arms suppliers will compete actively with Americans, and German producers will take a greater share. Research and development—within a national, bilateral European, and a United States-German framework, perhaps in that order—will be favored over massive procurement; but the procurement of lighter weapons, from rifles to anti-tank and anti-aircraft guns, may well command more attention.

Following the concept of a “graduated presence,” the army is likely to be transformed into a smaller force of combat-ready divisions,

²¹ In 1967, West Germany's defense expenditures were 4.6 per cent of GNP. In the early 1970's, they may be between 4 and 4.5 per cent, according to present guesses. Corresponding (1966) figures were about 9 per cent for the United States, 7 per cent for the United Kingdom, 6 per cent for France.

²² German government sources expect that over the next three years the Federal Republic will spend at most the \$800 million already deposited in the United States for military purchases and training in that country. (Budget statement and *Frankfurter Allgemeine Zeitung*, January 11, 1968.)

²³ Men between the ages of 18 and 60 who have served in the *Bundeswehr* or in the Federal Border Police, a mobile force of about 20,000 men. Horst von Zitzewitz, “Die Bundeswehr anno 1970,” *Wehrkunde*, May, 1967.

²⁴ Von Bonin, a retired army colonel and imaginative thinker, lost a high position in the *Bundeswehr* in 1955 because of his disagreement with NATO strategy, and went into industry. He has been a consistent critic of German defense policies. Miksche, a prolific German writer on military affairs who lives in Paris, similarly is a long-term critic of the NATO-*Bundeswehr* but from a more Franco-German point of view. Both men are strongly army-oriented in the tradition of German military thought.

²⁵ Von Bonin, “Die Schlacht von Kursk . . .,” *op. cit.*

²⁶ Ferdinand Otto Miksche, *Die Zukunft der Bundeswehr* (Stuttgart: Seewald, 1967); and *Kapitulation ohne Krieg* (Stuttgart: Seewald, 1965).

numbering perhaps six, and a partially manned cadre force which, in case of mobilization, could furnish another six full divisions. The manning of the forces will draw more than heretofore on the nearly one million reservists.²³

The active strength of the *Bundeswehr* may in time decline below 400,000 men; but the *Heimatschutztruppe*, a local (non-NATO) defense force for guarding the hinterland, which also draws on reservists, may be reinforced and linked more closely to the *Bundeswehr*. Some of the American forces will no longer be permanently stationed but will visit the Federal Republic on a rotation and maneuver basis, without dependent families. Insofar as their number depends on German policies, the relevant factor will be purchases of United States government bonds by the *Bundesbank* rather than military and procurement efforts.

Finally, some streamlining of the defense bureaucracy can be expected as the budget pressure takes effect and as national and NATO functions are consolidated.

DEFENSE DEBATE

Two important issues dominate the recurrent and soul-searching German defense debate: (1) local resistance vs. deterrent strike forces, and (2) nationally- vs. alliance-oriented forces.

The first issue finds some defense writers arguing for complete concentration on anti-tank defense, at the frontiers and in depth, notable among these critics are Bogislav von Bonin and Ferdinand Otto Miksche.²⁴ Von Bonin demands the elimination of all nuclear weapon systems from the territory of the Federal Republic and the downgrading of heavy mobile forces; he considers a *Bundeswehr* of 250,000 professional soldiers sufficient to meet “an attack with a limited goal.”²⁵ The only safeguard against a great conflict in Europe, in his view, is the United States' nuclear potential. Miksche thinks similarly, but in a somewhat less anti-nuclear vein. He hopes to fit West Germany into a continental European defense community with a nuclear force, loosely linked to America.²⁶

These ideas have found resonance among Social-Democratic and liberal (F.D.P.) politicians and are variably combined with their proposals to denuclearize, to shorten the draft period from 18 to 12 months, or to spend less on the military. They are opposed by strong elements of the C.D.U., notably by Defense Minister Schröder who, in the recent parliamentary debate, reasserted the importance of keeping the weapon systems that rely on (American) nuclear munitions (*Trägerwaffen*) and of preventing an inequality of armament between German and allied forces. One difficulty of Schröder's position is that the deterrence posture he prefers ("a low nuclear threshold") is hard to harmonize with NATO's philosophy of "flexible response"; another difficulty is the fact that the thought of nuclear warfare in the vicinity of Germany is so utterly abhorrent to the West Germans that many would rather be "red than dead." This does not mean, however, that they prefer conventional warfare. The debate is essentially about the better "image" of deterrence; either side can score points by showing that the posture preferred by the other may invite combat on German soil.

The second dominant strand of the debate finds persistent critics attacking the non-nationalism and non-militarism of the *Bundeswehr* philosophy. Hans-Georg von Studnitz is one exponent of this position; General Baudissin, the father of *Innere Führung* who recently retired from a high NATO position, is one of the targets. Von Studnitz argues that an effective German army requires a return to traditional military virtues and full allegiance to the national state.²⁷ He reflects a significant current in the officers' corps, which also finds expression in the role some officers play in the neo-nationalist National

Democratic Party (N.P.D.); but he meets strong opposition from the official defense establishment which was shaped by the Western alliance and anti-Hitlerism.

WHICH ALLIANCE?

The great quandary of the establishment, however, is with which alliance and which supra-national aspiration to oppose the nationalist challenge. At one point, the Atlantic combination appears more hopeless than the Franco-German ("European") combination; one moment later, it is the other way around. "Only in alliance can there be real security," says General Johannes Steinhoff, the Inspector of the Air Force;²⁸ but Strauss and Schröder, the generals and the leading military German journalists²⁹ find it extremely difficult to resolve the problem of alliance with divergent allies. If they do not succeed, the pressure for a national reorientation is bound to grow.

The content of such a reorientation, however, remains very hard to determine for a state in the position of the Federal Republic. This impasse is illustrated by the absence of debate on three important issues: the use of West German military force outside the vicinity of Germany; national nuclear weapons; and the relation between the *Bundeswehr* and the *Nationale Volksarmee* (N.V.A.) of East Germany.³⁰ From the official point of view these issues pose no new problems.

Miksche calls for an expeditionary corps for the defense of interests outside the Atlantic area, but the corps and the interests are called European, and no one asks whether they might be German.³¹ Wilhelm Grewe,

(Continued on page 307)

²⁷ Hans-Georg von Studnitz, *Rettet die Bundeswehr!* (Stuttgart: Seewald, 1967).

²⁸ *Die Welt*, November 18, 1967.

²⁹ E.g., Kurt Becker of *Die Zeit*, Adelbert Weinstein of *Frankfurter Allgemeine Zeitung*, Hermann Renner of *Die Welt*.

³⁰ A book by Thomas M. Forster describes the marriage of communism to Prussian militarism in that Soviet-inspired and equipped army of about 200,000. *NVA: Die Armee der Sowjetzone* (Cologne: Markus, 1964).

³¹ *Kapitulation ohne Krieg*, *op. cit.*, p. 218.

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This expert points out that "Schiller and Strauss, now known as the Deficit Brothers, were making plans in early 1968 for further deficit spending by the government if necessary. . . . Yet there have been clouds on the horizon and more will appear. . . ."

The Death of the German Economic Miracle

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THE WEST GERMAN economic boom ground to a halt in 1966 after nearly two decades of prosperity. Ludwig Erhard, the strategist who, with the United States, shared responsibility for catapulting the Federal Republic into the ranks of the most advanced industrial countries in the world (trailing only the United States and the Soviet Union), had to abandon his command post as Chancellor. Since December, 1966, a new coalition government led by Chancellor Kurt-Georg Kiesinger has been valiantly fighting the first postwar German recession. How well has it succeeded?

To understand current trends, a brief survey of economic developments is necessary. Under the tutelage of Erhard, one-time professor of economics, minister of economics under Chancellor Konrad Adenauer, and in turn Chancellor from 1963 to 1966, the economy had flourished in the classic mold of a free-enterprise system, but with a substantial mix of social welfare programs. These programs were costly, as were the subsidies to agriculture and the ailing coal industry. However, most sectors of the economy were booming. Since 1950, the rate of economic growth had averaged six per cent a year. While profits and wages climbed, so did prices. A fear of inflation seized many decision-makers.

Danger signals of an impending crisis were hoisted early in 1966. In January, the coalition cabinet, made up of the governing Christian Democrats and the liberal Free Democrats, submitted a budget to parliament calling for a substantial cut in government expenditures. In February, the president of the Federal Bank (*Bundesbank*), Karl Blessing, asked for a cooling-off of the boom through a dampening of monetary demand. He urged the government to restrict its public spending, and asked industry to reduce investment capital, and labor to moderate its wage demands. He warned that rising costs and a high demand for capital had undermined the stability of the *Deutsche Mark*. Eventually, he increased the interest rates to curb the boom.

Chancellor Erhard, too, was worried about the trend toward unbridled prosperity, and made repeated calls for moderation. By mid-1966, signs of an end to the economic miracle were multiplying. Demand was slackening for coal and steel. Production of capital goods and construction of new buildings were declining. By December, 327,000 persons (1.6 per cent of the labor force) were unemployed, which meant that there were more unemployed than jobs available for the first time since 1959.

As a countermeasure, in July, 1966, Erhard sent the draft of an economic stabiliza-

tion law to Parliament. The draft envisaged mandatory maintenance of budgetary surpluses and long-range planning of investments by federal, state, and local governments, a limitation of credits by the *Bundesbank* to private banks, and federal control over borrowing by state and local governments. The last provision would have required a constitutional amendment, which in effect meant that the governing Christian Democratic Union (C.D.U.) needed the support of the opposition, the Social Democratic party (S.P.D.). But the Social Democrats refused to consent to the draft unless significant changes were made, even after Erhard assured them there would be no wage freezes.

The Chancellor faced another problem that contributed more directly to his downfall. Partly for fiscal reasons, Washington rejected his proposal to decrease the amount of military equipment the West German government was committed to buying in the United States to offset the costs of United States forces in the Federal Republic. Therefore, Erhard decided to raise taxes to meet a growing deficit in the budget for 1967. This proposal was unacceptable to the Free Democrats in the cabinet, who insisted the deficit be met rather through reduced federal spending on expensive welfare programs and through a cut in government subsidies. On October 27, 1966, the four Free Democratic party (F.D.P.) ministers resigned, precipitating a protracted cabinet crisis. With the defection of the F.D.P. in the *Bundestag*, Erhard no longer could command a majority, and finally tendered his resignation.

On December 1, Kiesinger formed a Grand Coalition cabinet of Christian Democrats and Social Democrats, leaving the F.D.P. in sole opposition in the *Bundestag*. That the Social Democrats were willing to enter into a coalition with the Christian Democrats came as a shock to many S.P.D. supporters, including important trade union leaders, but S.P.D. officials believed that the party needed an aura of legitimacy if it were ever to have a chance of governing in its own right. Moreover, it saw an opportunity to mold government policies more to its liking, and to resolve

outstanding national problems through a joint effort with the C.D.U.

After much haggling, the C.D.U. and its allied Christian Social Union (C.S.U.) of Bavaria reserved ten seats to themselves and gave nine to the S.P.D. Willy Brandt, leader of the S.P.D., became vice-chancellor and minister of foreign affairs and Karl Schiller, formerly professor and senator of economics in Berlin, became minister of economics. The controversial Franz-Josef Strauss, C.S.U. leader, received the post of minister of finance.

Later in December, Chancellor Kiesinger asked Blessing to implement "a decisive relaxation of credit restrictions," but the president of the *Bundesbank* feared further inflation, and would agree only on condition that all governments from federal to local levels curb their expenditures. When Kiesinger in turn promised to do so, and informed Blessing that the government would push hard for the economic stabilization law already introduced in the *Bundestag* by Erhard, the *Bundesbank* council agreed in January, 1967, to reduce the discount rate from 5 to 4.5 per cent. After more pressure, the bank on three further occasions reduced the rate, bringing it down to 3 per cent in May.

Soon after Kiesinger assumed office, his administration worked hard on a revision of the 1967 budget. The conservative cabinet members favored the traditional fiscal policy of meeting the deficit of \$900 million by proposing substantial cuts in the budgets of the ministries of agriculture, labor and defense, and increasing revenues by eliminating certain tax exemptions. Any additional deficit would be covered by long-term loans.

At a cabinet meeting lasting 14 hours, the ministers whose budgets were adversely affected put up a strong resistance, but their objections were overruled. On the other hand, the cabinet agreed to a contingency budget which provided for sharply stepped-up government orders for capital equipment in the state-run railroads, post office, and other public services, and which granted depreciation allowances for immediate investments.

Since the constitution provides for a

balanced regular budget, the introduction of a contingency budget was a convenient way of putting back into the economy much of what was to be taken out. As *The Economist* put it:

It is a feature of German economic double-talk that special spending of this kind is put into a so-called investment budget, which is then deemed to be separate from the ordinary budget, so that everybody can then talk virtuously about balancing the latter without quite meaning (thank God) what they appear to say.¹

It was Minister of Economics Schiller, the pragmatic and none too doctrinaire Socialist, who pushed hard for a Keynesian expansionist pump-priming program regardless of budget deficits to get the economy moving again. He also favored a long-range policy calling for a mixed socialist-capitalist system which would provide an increase in the proportion of government expenditures as a percentage of the gross national product, even if the proportion of investments remained essentially the same.

Ranged against him at times on this issue was the more conservative Minister of Finance Strauss who believed that a greater proportion of productive private investments should go into the gross national product. This difference of opinion reflected subdued shades of an ideological division between adherents of the public and of the private sectors. The budget proposals for 1967 and 1968 as well as a middle-range plan until 1971 served as compromises.

UNEMPLOYMENT

While the government and parliament were busy debating the budget, the recession continued. The unemployment rate shot up to its peak in February, 1967, reaching 674,000 or 3.1 per cent of the labor force, but then declining to less than 400,000 by the end of the year. One contributing factor in the decline in unemployment was the exodus of substantial numbers of newly-jobless foreign

workers to their homes in southern Europe. Indeed, 300,000 left from mid-1966 to mid-1967, leaving one million foreigners still in Germany.

In the first six months of 1967, production, investment, business income, and imports sank by between 6 and 12 per cent, while industrial capacity was only 75 per cent utilized, on the average. Expenditures for durable consumer goods declined sharply, with the sales of motor vehicles off by 12 per cent.² Fritz Berg, president of the Federation of German Industry, maintained that the economy had reached the most dangerous situation in 15 years.

AILING COAL

One of the prime reasons was the ailing coal industry in the Ruhr, faced with competition from fuel oil, synthetic materials and cheaper foreign coal imports, and hindered by antiquated plant and machinery. The dramatic decline had been marked by the closure of 92 mines out of 162 in the period from 1957 to 1967, a production decline from 145 million tons a year to 100 million tons, and the lay-off of 200,000 miners. While many miners have found employment in other Ruhr industries, in 1967 the unemployment rate in the area was higher than the national average. Attempts are still being made to diversify the infrastructure by attracting industries in need of a large labor force.

The government has also attempted to cope with this structural coal problem. In the fall of 1967 Minister Schiller introduced in the *Bundestag* a plan to reorganize the industry by reducing coal output to a more realistic level at which it could be sold without the accumulation of large stockpiles. A czar would be appointed with far-reaching powers to limit output, to merge or reorganize companies, or to close the pits. If the companies did not obey orders, the generous government subsidies of nearly \$8.50 per ton would be forfeited.

The North Rhine-Westphalian government, the mine owners, and the Mine Workers Union all reacted unfavorably. They argued that a solution must rather be found in the

¹ *The Economist* (London), July 15, 1967, p. 231.

² German Consulate, Boston, *The German Economy 1967-1968* (mimeographed, 6 pp.), p. 2; *Wirtschaftswissenschaftliche Mitteilungen* (Cologne), WWI, Vol. XX, No. 4 (April, 1967), p. 94.

framework of an overall energy policy, including the limitation of coal and fuel oil imports and of domestic oil refining, as well as a moratorium on closures of pits for six years.

But the government refused to make such concessions. It did not set a maximum on the number of closures, but intimated that production in the next three years might be limited to 75 million tons a year, thus necessitating a further layoff of 80,000 miners. Nor did the government seem willing to limit further the import of duty-free coal from other countries. But bowing to pressure from the union, it agreed to increase subsidies and compensation payments to miners who were laid off or were working on short time.

In addition, government, business and labor were negotiating a plan to lease about two-thirds of the mines to a special managing company which then would institute a reorganization of the industry. The health of the Ruhr has a direct impact not only on the economy as a whole but on politics as well, since some of the support for the neo-Nazi National Democratic party has come from disaffected citizens in this area.

POLITICAL CRISIS

With the recession continuing into the summer of 1967, Kiesinger was confronted with a budget deficit mounting toward \$2 billion. He faced his first serious political crisis, and in early July threatened to resign unless he received the backing of the cabinet and parliament. Once again the question revolved around ways of cutting government appropriations. The S.P.D. and the left wing of the C.D.U. resolutely opposed major cuts in the welfare programs, but finally had to make some concessions. Minister of Defense Gerhard Schröder fought a rearguard action to minimize cuts in the defense expenditures, but had to yield, after threatening to resign, in the face of determined action to cut \$500 million a year from his defense budget. There were conflicting reports that the cut would—or would not—signify a reduction in troop strength of from 461,000 to 400,000 men, but clearly Defense officials were angered, as were

Washington officials, who claimed that they had not been consulted in advance in line with NATO agreements.

While expenditures were slashed, more revenue sources were tapped. A value added tax was introduced—and will be raised from 10 to 11 per cent—and a 3 per cent surtax was imposed on high incomes, but these additional revenues were not expected to stimulate the economy immediately. Both Strauss and Schiller would have preferred to avoid raising taxes for political and economic reasons, but they were confronted by many pressures to take such action.

However, once again, paralleling and more than canceling the traditional fiscal moves, Schiller received approval from the cabinet to dispense another \$1.325 billion for federal and state investment purposes to continue priming the pump, especially since tax revenues were still running below estimates.

END OF RECESSION

From mid-1967, the economy slowly began to move forward again. In August, the *Bundesbank* lowered its minimum reserves by 6 per cent, thus bringing increased liquidity into the banking system. Industrial production and stock prices rose; new investment orders were placed; and prices held steady. Exports maintained their 1967 level of a 10 per cent rise. Since imports had dropped by 9 per cent, a trade surplus of more than \$4 billion was created. Thus business and labor circles, already in a more optimistic frame of mind, received with subdued cheers the *Bundesbank* announcement in mid-November that its various indicators pointed to an end of the recession.

What are the expectations for 1968 and beyond? In September, 1967, Kiesinger predicted in the *Bundestag* that in the period from 1968 to 1971 revenue would rise by almost \$3 billion, while reductions in appropriations would amount to \$7.2 billion, with extension of short-term and middle-term credits granted by the *Bundesbank*. Thus he envisaged a combination of tax increases, loans and reduced appropriations up to 1971 on the basis of a medium-term plan.

Simultaneously, the cabinet approved the draft of a record \$20 billion federal budget for 1968, which represented an increase of about \$900 million over 1967 outlays. Defense expenditures were slashed again, in this instance to \$4.5 billion, representing nearly 24 per cent of the total. While appropriations for social security programs were increased, other social programs were cut back. Revenues were calculated on a 4 per cent projected growth in the gross national product, as compared to a 3 per cent growth rate in 1967.

More optimistically, the Council of Experts, an independent economic advisory unit of bankers and professors, estimated a growth rate of from 4 to 6 per cent in 1968 depending on the extent of government economic activity. In any case, the crucial test for 1968 will be the extent of consumer purchases, which suffered a severe setback in 1967.

To make sure that the economy did not enter into another slump, Schiller and Strauss, now known as the Deficit Brothers, were making plans in early 1968 for further deficit spending by the government if necessary. It is truly remarkable that despite doctrinal differences between them they were able to achieve compromises which so far have been sanctioned by the government. Yet there have been clouds on the horizon, and more will appear between now and the next federal election in 1969 when both major parties will campaign against each other and when a new governing constellation may emerge.

One cloud has been seeded by supporters of the traditional *laissez-faire* policy. Within the C.D.U.-C.S.U. an unknown 46-year old C.D.U. *Bundestag* member, Manfred Luda, has been in the forefront of a debate against Schiller's doctrine of deficit spending. Behind Luda are ranged such powerful figures as Ludwig Erhard, Otto Schmidt, the chairman of the *Bundestag* finance committee, and Kurt Schmücker, former minister of economics and now minister of federal assets.

Their tactic has been to win over conservative deputies in the *Bundestag* economic and finance committees, and on occasion to vote with the opposition Free Democrats against the government.

CONSERVATIVE GOALS FOR THE ECONOMY

This group feels that the public sector of the economy has been favored too highly, since its share in the gross national product is approaching a 50 per cent limit, that in the long run government subsidies must not exceed increases in national income, and that financial reforms, a favorable climate for investments, and a high growth rate are essential. The group has received the support of some leading industrialists and businessmen who in the past supported Erhard's economic policies. It is optimistic of capturing the ministry of economics after the 1969 federal election.

But in the meantime Schiller is consolidating his position in the ministry, and is making it into a "strongly defended Social Democratic fortress which would be hard to storm."³ Some key positions have been awarded to supporters of a planned economy, members of the Socialist-oriented West Berlin Institute of Economic Research. Schiller intends to establish an economic forecasting department and possibly to set up five- and ten-year plans to control investment, price levels, exports and growth rates. However, denying that his ministry is engaged in any form of "central planning," he compares his policy rather with that of the "new economics" introduced in the United States by President John F. Kennedy, in which a free market economy operates within the framework of some state direction of the economy. As part of this policy he holds frequent joint discussions with business and labor groups.⁴

Another cloud has been seeded by the left within the S.P.D. Despite concessions by Schiller, much of organized labor, and especially the powerful miners and metal workers unions, have been dissatisfied with some of Schiller's schemes. The critical attitude of

³ *Christ und Welt* (Stuttgart), October 20, 1967.

⁴ *German International* (Bonn), Vol. XI, No. 11 (November, 1967), pp. 25-31.

the miners has been mentioned. But the metal industry also was hard hit by the recession, since it was working at only 75 per cent of capacity. More than 300,000 workers were dismissed, and others received cuts in fringe benefits and bonuses. A threatened strike in the industry, set for late October, 1967, was narrowly averted by the mediation efforts of Schiller, who exacted a promise from the employers that they would try to avoid cuts in fringe benefits.

UNION UNREST OVER THE ECONOMY

The Federation of German Trade Unions (D.G.B.) was none too happy when, earlier in the year, Schiller asked business and labor to agree on a "concerted action" or "social symmetry" program, which set wage and price guidelines to produce an annual real growth in the gross national product of four per cent over the next five years. When the recession eased in late 1967, the D.G.B. feared that the modest growth in wages would lag considerably behind the rest of the national income (especially since increased investment might not necessarily stimulate public purchasing power) and that unemployment might still be serious in early 1968. Finally, the D.G.B. had expected Schiller and the S.P.D. to be more receptive to plans to extend the workers' participation in management. A commission of independent experts was formed by the government to study this question of codetermination. However, the S.P.D. set up its own commission, indicating a potential political clash.

Unrest among the rank and file in the S.P.D. was underscored by a poll which showed that 71 per cent of them believed they were the principal victims of the government's higher tax schemes.⁵ Their feeling seemed to be that the S.P.D. pursued policies in the coalition government which pulled the country out of the recession but, in the process, was not sufficiently responsive to their

needs. Whether the S.P.D. will be able to placate the dissatisfied within its ranks, many of whom opposed the participation of the S.P.D. in a C.D.U.-led coalition government from the beginning, cannot be predicted. Indications are that in 1968 the unions will put more pressure on the S.P.D., to which most of its leaders and members are closely linked, to represent trade union interests more positively. The S.P.D. parliamentary group, of whom 82 per cent belong to the Federation, has already given indications that it will support demands in the social realm knowing that it needs the labor vote in the 1969 election.⁶

LONG RANGE OPTIMISM

The recession of 1966-1967 may have had salutary effects in the long run. Government and people alike have become aware that a perpetual boom economy with a high rate of growth and easy profits cannot last forever, and that a cooled-off mature economy will be stronger in the end. To improve its competitive position, business realized that it had to streamline its remaining inefficient operations.

Officially, the C.D.U.-C.S.U. has moved closer to some features of a planned economy, supporting the economic stabilization law and Schiller's public investment policy. Whether he will win the battle against adherents of orthodox fiscal policy remains to be seen, but indications are that Schiller has gained support among large segments of the population.

The Federal Republic can ill afford to experience a recession of greater magnitude because a recession could strengthen extremist political forces and could affect the economies of other nations adversely. Thus the essential task for the government is to keep the economy moving forward.

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⁵ *The Economist*, November 11, 1967.

⁶ *Die Quelle* (D.G.B. journal) (Cologne), January, 1968, pp. 1-13; *Unternehmerbrief des Deutschen Industrieinstituts*, January 18, 1968, pp. 3-5.

In assessing the danger of rising neo-Nazism, this expert points out that "the real danger for the future seems to be that democratic parties seem to be able to absorb the extremist potential by using similar slogans and arguments, with the consequence that the N.P.D. philosophy becomes acceptable to wider parts of German society."

Democracy and Right Wing Extremism in West Germany

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EVER SINCE THE FALL of the Nazi regime, discussion of the prospects for democracy in Germany has focused on two basic questions: What became of the political and social conditions that facilitated the rise of the Hitler movement in the Weimar Republic and led to the acceptance, by a "legal revolution," of totalitarian dictatorship? To what degree and in what forms was there a continuity of Nazi ideas and behavior behind the reconstruction of parliamentary democracy after 1945?

To answer these questions it is important to assess both the basis and the impact of National Socialism, as well as the meaning of its defeat. How deeply was that "movement" rooted in German traditions and attitudes? Much depends on the answers given: the possibility of a successful rebuilding of German democracy as well as the prevention of a new failure à la Weimar. To the present, opinions on that question differ widely. While there is no doubt that Nazism as well as the German antidemocratic movements in general were founded on specific problems of a century of German history, Adolf Hitler's rise to power remains inextricably connected with the post-World War I crises of defeated Germany. The failure of the first German republic, the Weimar republic, in 1933, reflects the historical fact that Germany has

never experienced the course and the consequences of a successful revolution.

While it is true that in 1945 the conditions of German politics were deeply changed, it cannot be denied that the formation of the Federal Republic at Bonn was again the consequence of external events. But this time their impact proved much stronger. The completeness of the military defeat, the occupation policy, and a period of political preparation and economic recovery preceded the reestablishment of German statehood. For the first time, Germany underwent the experience of a working democratic system. Externally, the West German republic, as it emerged from the decisions of the Western powers in 1949, was marked by institutional stability, strong democratic parties and stable majorities. It seemed to have overcome some of the main weaknesses of the Weimar republic. Constitutional changes, the profound experience of the Nazi debacle, and West German integration into the West had effected a successful outcome of the "artificial revolution" of 1945.

At the same time, traditional problems persisted behind the external stability and efficiency of the second republic. First of all, the West German state was established by its very constitution as a provisional state bound to make way for the reunification of Germany.

From the very beginning, a discrepancy existed between supranational cooperation and internal division, between the proclaimed provisional nature of the state and the urge for a definition of institutional stability. Legal theory established the West German republic as the sole successor of the *Reich*. This theory of continuity was bound to collide both with the idea of West Germany's provisional status and with the claim that there had been a complete break with Hitler's Third Reich. Because of this confusion, there was no "zero hour" from which a new democracy would rise entirely free from the tendencies and the personnel of the preceding period, as not a few intellectuals had hoped. Following an all too general effort at denazification, which was not very successful, the system operated to a large degree on the basis of the traditional social and bureaucratic establishment.

THE ADENAUER ERA

It is true that Chancellor Konrad Adenauer's style of leadership, combining authority and democracy, led the Germans out of the vacuum of defeat into a growing identification with a democratic government which for the first time was experienced as a government which could grant political stability, security and economic success. But it left untackled not only the problems of national unity, of Eastern Europe, of social reform, all of which may imply future threats to the system; the Adenauer era also accustomed the Germans to a style of decision-making that relieved them from political participation outside the elections. West Germany had little experience with the tests posed by cabinet change or government crisis, or by less sharply defined leadership in a period when the seemingly clear fronts of cold war would no longer offer easy points of orientation to guide political consensus.

While West German democracy was confronted with structural problems common to other countries—i.e. the relationship of cabinet to parliament, the bureaucracy, state intervention and control, the role of parties and pressure groups—it was its specific task to

cope with the political vacuum created by total defeat, disillusion and resentment. To establish democracy in a society formerly associated, in its majority, with Nazi ideology and organization, was a unique task. The new system managed to obtain support without alienating or excluding large parts of the population by skillfully avoiding the basic questions of East Germany and the Eastern frontiers; by improvised ad hoc solutions for internal problems, more pragmatic than democratic; and by preserving or restoring the bureaucratic structure of government and political process. While this was the strength of the Adenauer era, it illustrated the weaknesses of a public life basically apolitical in character. Under less fortunate conditions of economic and political development, such weaknesses could again lead to crises and decay of democratic life.

The positive achievement, persuading a great majority to support democratic parties and governments, has to be measured by a full appreciation of the immense difficulties of the post-1945 situation. But today the question is: under changed conditions, can politics in the 1960's be conducted in the same manner? Whereas stability was the prime principle of the Adenauer period, German politics since 1963 confronts problems of Adenauer's succession: today German democracy must prove that it is capable of functioning beyond the type of personal rule which was a style of government corresponding to the popular understanding of politics since Bismarck and Hindenburg (and Hitler). Moreover, to an important degree, since the nineteenth century German political tradition has led to a tendency to handle politics administratively. Under such conditions of bureaucratization, the parties always found it difficult to represent and transform political and social mobility and to encourage political participation from the public. The formation of a Grand Coalition certainly offered no solution to these problems; rather it expressed widespread embarrassment.

It is at this point that the question of neo-Nazi and nationalist extremism reenters the German political scene. The strength of such

tendencies corresponds to the main stages of political and economic life in West Germany. Rightist extremism first became virulent between 1946 and 1952, and declined afterwards. Twelve years later, with the end of the Adenauer period and the testing years of government change and political regrouping, the extreme Right became organized, for the first time, in a single national party able to enter state parliaments and influence political opinion. Between these two periods, a strong continuity of extremist ideas and publications persisted, a trend which marked the existence of a potential that was temporarily absorbed or deflected by the popularity of Adenauer, the cold war and economic stabilization. It is within these three periods of postwar history that the specific forms of rightist radicalism in West Germany must be understood. After 1945, a strong revival of Nazism was followed by an expanding continuity in the field of publications and, finally, by a new attempt to fuse the emotional and ideological potential of Nazi traditions with a new nationalism that is inspired by Gaullist ideas and impressed by the setbacks in the struggle for German or European unification.

WEAKNESS OF DENAZIFICATION

It is true that the specific situation of the Weimar republic, under which Hitler could be successful, differed in many respects from that of the Federal Republic. Yet the problems and emotions misused by and favoring the Nazi quest for power are of a more general nature. Social and economic panic in an age of rapid transition to industrial society, uneasiness with the complexities of modern life and democratic politics, structural problems inherent in any parliamentary government today—such preconditions for the failure of Weimar are still present in our societies. They were not confined to Germany alone: with few exceptions the post-World-War I democracies all over Europe fell victim to them.

It could be expected, of course, that the experience of the Nazi period might provide a lesson. But at the same time, the years 1933–1945 left an ambiguous heritage. On

the one hand, the terror of the Third Reich resulted in intimidation and widespread resignation to the prevailing political authority (*Obrigkeit*); a German tradition of unpolitical behavior persisted which conceives of the state merely in terms of a subject-authority relationship. On the other hand, the virtuosity of Nazi propaganda and persuasion resulted in a general notion of mistrust and scepticism against public life. There were two possible reactions: either to relapse into a state of complete depolitization, or to make very critical and rigid judgments on the political system itself. In fact, most Germans were weary of nationalistic and war ideologies, so exploited by Hitler and so disproved by his total defeat. In addition, social change in postwar Germany tended to level the class structure and to further a more open society. This was not least a consequence of totalitarian mass mobilization, war, and the movement of well over one million refugees.

While all this quickened the process of modernizing a predemocratic society, mass measures of denazification and demilitarization proved not entirely efficient. In view of the belated Nazi war-crime trials, the initial treatment of the Nazis by the Allies—easy to denounce as *Sieger-Justiz* (victors' justice)—appears to have been an equivocal substitution for revolutionary efforts by the Germans themselves. Allied courts dealt with cases involving the Nazis, incompletely and often casually. With the sudden turn to German remilitarization, many Nazis were released or even prematurely reinstated, which made it difficult to follow a general line of adequate and equal treatment of the problem. In addition, essential documentary material was in non-German hands; the German non-recognition policy and German anticommunism prevented a full evaluation of East European documents. In turn, such documents could be used by Communist countries to denounce West German politics as being led by Nazis and Nazi aides (a denunciation not always in error).

But of course it remains open to question whether the physical and moral resources so

utterly destroyed by the course of the Hitler regime and the liquidation of anti-Nazi resistance would have been strong enough to effect the self-purification of a people with so little revolutionary tradition. In addition, the experiences of 1918 warned the Allies not to leave the burden of defeat and restoring order to a feeble German democracy.

All this, however, fell under the shadow of the increasing East-West conflict. The problems of national division and of the lost territories, rebuilding the democracy and the surprising stability of its political structure are closely related to the conflict. With the quest for security, anti-communism and fear of "the East" became two of the main ideological bonds—if not the principal *Ersatz* (synthetic) ideology—keeping a basically apolitical German population together. Yet this ideology facilitated a continuity of Nazi ideas based on Hitler's claim that the Nazis had represented the bulwark against bolshevism.

Under such circumstances, it was not surprising that groups of convinced Nazis soon overcame their initial shock at defeat and tried to reactivate some of their lifelong conceptions. Social science analysis has made clear that below the surface of institutional change, political mentality and behavior often remain unchanged even in the face of new conditions. As early as 1946, a small party with the ambiguous name *Deutsche Rechtspartei* (German Right party) offered contacts for right-wing groups under the cover of conservative slogans. While the party proclaimed its adherence to the democratic state, it criticized Fascism only for its un-German elements. The Supreme Court in Karlsruhe later (1952) stated that the *Deutsche Rechtspartei* signalled the first attempt to reorganize the members of former rightist parties. Experienced Nazi functionaries joined the D.R.P. as propagandists, while the conservative-national facade proved a valuable tactical device. With the passing years the slogan "national opposition," so effective before 1933, again became part and parcel of right-wing tactics. The D.R.P. managed to win some seats in North German elections, notably in Hitler's Volkswagen city

of Wolfsburg (before the production of cars was fully resumed) and was even able to enter the first *Bundestag* (1949).

NEO-NAZI REVIVAL

The real situation became clearer when, immediately after the foundation of the Federal Republic, the Socialist *Reichs* party (S.R.P.), a militant neo-Nazi party, was established in October, 1949. Its founders included leading D.R.P. figures and Nazi functionaries and also ex-General Otto Ernst Remer, who had been instrumental in up-setting the plans and shooting the leaders of the military opposition to Hitler on July 20, 1944. He posed as the hero who had saved the Hitler regime against the treacherous resistance; the new stab-in-the-back legend became an essential part of the S.R.P. propaganda.

The neo-Nazi revival was reflected in numerous smaller groups; social and economic problems increased the attractiveness of radicalism. At the same time, there were attempts to infiltrate democratic parties, notably the liberal Free Democrats (F.D.P.). Not unlike the Weimar republic, the extreme right offered a disturbing picture of competing groups, leadership rivalries and sectarian ideas. After the ban on the German military was suddenly lifted, emerging veteran organizations further contributed to such tendencies. The traditions of war and prewar activity became respectable again; journals and books were published in praise of the "positive aspects" of the recent past. Nationalistic youth organizations tried to indoctrinate the postwar generation. Mostly small in numbers, they provided a continuity that made this first short renaissance of extremism more important than it appeared when, after economic and political stabilization, the neo-Nazi wave subsided to a small if stubborn stream of old fighters.

The first climax was reached in 1950–1951. Within one year, the S.R.P. developed a feverish agitation, the center of which was in Lower Saxony, a region of Nazi strength before 1933. The same language was used: a German "socialism" for the frustrated and

declassé ex-Nazis, and a heated nationalism glorifying the idea of the Greater *Reich* and the heroism of war so treacherously abused by a stab-in-the-back. There were many reminders of the early days of the Nazi movement. There was no Hitler but, in noisy demonstrations, "protected" by para-military guards, Remer tried to emerge as a national figure. The S.R.P. became a temporary El Dorado of minor- and middle-range functionaries. In consequence, it was organized with a clearly authoritarian structure, aimed at the formation of cadres and auxiliary formations. Like the Nazi party in the Weimar republic, the S.R.P. leadership pretended to remain within the limits of democratic legality; yet the leadership principle allowed the quick expulsion of persons and groups endangering the tactics of fighting democracy with pseudo-democratic means.

In 1951, the S.R.P. polled 11 per cent of the votes in Lower Saxony and gained considerable support in Bremen and Schleswig-Holstein; party membership reached about 20,000. But while the S.R.P. officially declared itself opposed to dictatorship, the authoritarian structure and the glorification of the Third Reich made it clear that the constitutional provisions against undemocratic parties, designed to prevent any repetition of 1933, should be applied. This was facilitated by the fact that by 1952, when the Constitutional Court confirmed such a verdict, the S.R.P. was already declining.

STABILIZATION AT BONN

In the following years, the shadows of Weimar seemed to disappear with the further stabilization of the Federal Republic. Its Basic Law, aimed at establishing strong government as against political extremism, was used to outlaw the small Communist party (1956), a much more controversial decision, in view of the official claim for reunification with East Germany. Government attention remained focused on leftist extremism, while the hard core of rightist radicals joined the small German *Reichs* party (D.R.P.) and tried to keep neo-Nazism alive in numerous journals and books. The widest circulation

was gained by the *German Soldiers News*, later the *National News and German Soldiers News*. Other media were the *Reichsruf*, the paper of the D.R.P., and its sister publication, the *German Weekly*. *Nation Europa* posed as a highbrow monthly. This journal of international fascism has been published since 1950 with the support of non-German sympathizers and Quislings, from Oswald Mosley to Arabian and South African racists.

For the next 12 years, the D.R.P. and related groups kept within the limits of one per cent of the vote, with a membership of less than 10,000. But they were clearly counting on a chance to revive underlying resentments and nostalgia. As the widespread interest in revisionist and neo-Nazi publications demonstrated, there was a considerable potential of rightist voters, who might be mobilized in the future to protest against the existing system. Such expectation could be realized mainly under three conditions:

- 1) a further decline of competing parties, notably the refugee party (B.H.E.) and the German party (D.P.);
- 2) growing disillusion about the course of European and German unification policies, combined with symptoms of economic crisis;
- 3) a common platform for fusing the "homeless right" and at the same time attracting nonvoters and marginal liberal voters.

Such conditions became visible when Ludwig Erhard's government proved incapable of handling the problems of balancing the budget, economic recession, and the effects of East-West détente and Gaullism in Europe. While the attempt to save the rest of the refugee and German parties by forming an All-German Party (G.D.P.) failed, after November, 1964, the leaders of the D.R.P. and conservative nationalists succeeded in founding a nation-wide organization, the National Democratic Party (N.P.D.), supported by most of the ideologists in the neo-Nazi publishing business. In the following months, the D.R.P. officially asked all its members to join the new party, as its leaders had done before, constituting the core of the N.P.D. in

organization and propaganda. The *Reichsruf* changed into the *German News*, the official journal of the N.P.D. The *German Weekly* is affiliated with the *News*, with the same publisher, editors and authors, but aims at a wider audience. Only the powerful *National News* (Munich), while on the whole supporting any rightist cause and using some notorious neo-Nazi authors, kept relatively independent for the time being: its ambitious editor, Gerhard Frey, had some grievances with rivals in the north.

The N.P.D. started as an alliance between conservative nationalists and extremist forces. Nationalists like Fritz Thielen, the Bremen industrialist who moved from the Christian Democratic Union (1958) through the D.P. to the position of first N.P.D. chairman, served as a facade for the more experienced activists around Adolf von Thadden—Wilhelm Gutmann, Otto Hess, Emil Meier-Dorn or Waldemar Schütz, the publishing czar. With the exception of the skillful tactician Thadden, *enfant terrible* of a renowned family, all of them and two-thirds of the leading personalities of the N.P.D. had a notable record as Nazi propagandists, quite a few even before 1933. The strength of the extremist wing became clear when, at the end of 1966, the conservative N.P.D. leader of Bavaria confessed his disillusionment with the dominance of the radicalists, and when Thielen's final attempt at ousting Thadden and others ended in his own defeat in the spring of 1967. After two decades of restless activity, Thadden has reached the top. In spite of his name, he may not be another Adolf; yet besides his abilities in tactics and appearance, he is useful as the non-Nazi exponent of a strongly neo-Nazi party that pretends to be democratic.

There is little reality behind the pseudo-democratic wording of the party statute. The conflicts of 1967 displayed the degree to which authoritarian conceptions rule the party organization. It seems ludicrous that there is a rule that party members are to vote by raising the left hand, to avoid memories in the public and temptations among the members. Moreover, the platforms and

propaganda statements, even the carefully prepared speeches and vocabularies to be used by the functionaries, are clearly based on the main elements of Nazi ideology, and on the traditional technique of glorifying the actions and minimizing the crimes of the Third Reich. Finally, the degree of continuity between N.P.D. and Nazism is evident in the electoral politics and results of 1966 and 1967. From a number of analyses it is clear that the N.P.D. is successfully aiming at the same social strata, with the same slogans of middle class nationalism, in the same regions where the Nazi party made its breakthrough in 1928–1930. There are, of course, some important differences. But the similarities are the more remarkable in view of the considerable changes in West German society and politics since 1945.

The first showing of N.P.D. strength was not particularly impressive. In the national elections of 1965, the new party gained only 2.1 per cent of the votes. But this was an increasing percentage, and it demonstrated the nationwide organization built within a few months. (The Nazi vote in 1928 was 2.6 per cent—with a strong nationalist party competing.) A series of gains in the state elections followed; for the first time since 1952 the extreme right was able to invade German parliaments. The first gains came in Bavaria. Despite the efforts of Franz-Joseph Strauss and his Christian Socialists to ride on the "national wave," the communal elections of March, 1966, and the state elections of November, 1966, resulted in an increased N.P.D. vote (7.4 per cent). This was followed in S.P.D.-governed Hessen (7.8 per cent), Rheinland-Pfalz (6.9 per cent), Niedersachsen (7 per cent), Bremen (9 per cent), and, influenced by the Thielen-Thadden struggle, Schleswig-Holstein (5.8 per cent).

What is more important, a considerable voting reservoir became visible in the social and regional environments that carried the Nazi advance in 1929–1930: among the *petit bourgeoisie* and in small towns, among white-collar workers and civil servants and, increasingly, peasants. And again industrial and

Catholic populations appear to be least inclined to follow the trend. Among the traditional centers of Nazi strength, Franconia around Nuremberg stood out; some election districts recorded up to 17 per cent of N.P.D. voters; Richard Wagner's Bayreuth, 14 per cent. A conscious appeal to regions and social groups with Nazi traditions proved no less successful in Oberhessen, the Pfalz, and parts of Lower Saxony. By the end of 1967, party membership had risen to 35,000. Estimates of the overall potential of the N.P.D. run up to 20 per cent; the N.P.D. itself believes it can attract 30 per cent of the votes.

There is no question of stopping such a trend by manipulations of the electoral law, as has been suggested even by Chancellor Kurt-George Kiesinger; this would destroy the Free Democrats rather than the N.P.D. It may also be rather late to stop the movement by outlawing the party. This could have been done two years ago; but at that time constitutional lawyers were more impressed by the party's legal frame than by its neo-Nazi contents. We know from behavioral research that authoritarian attitudes are not confined to the followers of extreme parties. They exist in all groups of the German population and can be mobilized quickly if conditions change. The reservoir of democratic and extremist parties overlaps on many questions; e.g., the death penalty, foreign workers, foreign troops. The real danger for the future seems to be that democratic parties seem to be able to absorb the extremist potential by using similar slogans and arguments, with the consequence that the N.P.D. philosophy becomes acceptable to wider parts of German society.

Like the Nazis, by stressing extreme revisionism and military traditions, the N.P.D. gained a strong following among refugees and professional soldiers. Today its voting strength is largely based on older generations who remember the Nazis; indeed, the age structure is 20 years older than that of the original Nazi party. But the N.P.D.'s decline appears possible only if democratic parties retain credibility for the younger generations. Up to now, democratic parties have avoided coalitions with the N.P.D. But this may change.

The fact that under the Grand Coalition no effective opposition exists contains further risks: it may inspire opposition outside or against the system itself. In Germany, such a danger comes from the right much more than from the left. This becomes clear when the passive German acceptance of the N.P.D. is compared to the sharp criticism against leftist student movements—movements which prove that more young Germans have become conscious of authoritarian anachronisms in German life, and differ from German students of the 1920's and 1930's.

But the resolution of both problems depends on a more effective handling of the crucial questions mentioned at the beginning of this article: the questions left by the Adenauer period and those posed by changing East-West relations and by General Charles de Gaulle.

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In this article, the author demonstrates that Common Market members "made a choice of fundamental importance in 1957 at Rome. West Germany's position on the key issues of world trade and finance will, undoubtedly, be determined by her basic commitment to the E.E.C. . . ."

West Germany's Trade Policies

BY KLAUS FRIEDRICH

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THE RECOVERY OF THE West German economy from the devastation of World War II has been widely described as bordering on the miraculous. Reconstruction, however, has for some time now been completed, and the economy is settling at a rate of expansion that is decidedly less miraculous and more compatible with the current growth rates of other industrial economies. West Germany's trade relations with the world are beginning to reflect this transition from an investment-oriented recovering economy to a consumption-oriented recovered economy.

Businessmen in postwar West Germany have been entrusted with the responsibility for capital formation which carried high priorities in the reconstruction program of Ludwig Erhard, then economic affairs minister. The program's essence was to ensure that the savings of the public were made available to producers for investment spending. High levels of forced savings were achieved through taxation. The redistribution of tax revenues to the industrial sectors took the form of extremely permissive depreciation laws and export subsidies. In this way, investment spending was fostered by supporting entrepreneurial incomes rather than through free capital markets in which producers must compete for the savers' funds.

With the national goal of rebuilding the capital stock of the economy thus geared to a subsidized level of private profits, the indus-

tries' full support was behind Erhard. But the consuming public also stood to gain as long as the additions to the capital stock could be matched by a skilled labor force and as long as the supply of both investment and consumer goods could be expanded rapidly. Since it was possible to demonstrate to the taxpayer in general and the labor unions in particular that the rise in their real income was merely lagging in time behind business profits, both groups remained reasonably docile and cooperative.

The structure of West Germany's international trade was largely determined by the reconstruction program. In a relatively short period, her industry was equipped with modern productive facilities which put it on a favorable competitive basis with other industrial economies which became the important buyers of West German exports. On the other hand, imports, especially imports of agricultural products and other consumers' goods, lagged because of the constraints imposed on the consuming public by tax policies.

Surplus in the balance of international payments was, therefore, an integral part of the reconstruction period. Business was allowed to profit from exporting and was expected to use the proceeds to increase productive capacities, whereas imports were held back. The occasional inflationary impact of a large external surplus could be considered a temporary phenomenon. As long as supply could grow rapidly, foreign net demand was a wel-

comed stimulation. For these reasons, the chronic external surplus during the reconstruction period was of a structural nature and the *Deutsche Mark* was accordingly undervalued in international transactions. In recognition of this basic imbalance, the DM was appreciated in 1961 by a token 5 per cent.

In the early 1960's, it became increasingly clear that the reconstruction program could not be expected to function indefinitely; yet businessmen were slow to recognize the physical impossibility of continuing expansion at a pace explicitly consistent with reconstruction. A number of factors began to suggest that the "miracle" growth rates belonged to the past.

LABOR SHORTAGE

Capital, as a factor of production, had presented the recovering economy with a bottleneck and had therefore attracted the attention of the policy-makers because labor, the other basic factor of production, had continued to be available in quantities and qualities sufficient to facilitate the high growth rates. This relationship between capital and labor began to reverse itself in the 1960's, as a labor shortage became the constraint on production. While this is generally only an indication of advanced development in an industrial economy, in this case the building of the Berlin Wall of 1961 abruptly stopped a significant inflow of skilled labor from East Germany. In recent years, increases in the labor force have been smaller than they were.

It is estimated, moreover, that in 1970 the labor force will be smaller in absolute numbers than it was in 1966. The number of persons reaching retirement age will exceed the number of young persons entering the labor force. This implies, furthermore, that the labor force as a percentage of the total population will decrease. A decrease in this key percentage suggests that public demand for the available national product will increase. In this altered situation of the 1960's, Erhard's almost legendary appeal for "*Masshalten*" (holding the line on wages and consumption spending), which had been so suc-

cessful in the 1950's, began to lose attractiveness to the unions and the taxpayers.

The profit-oriented policies of reconstruction had to be abandoned gradually. Too rapid an increase in investments could no longer result in corresponding gains in production, because of the labor shortage. As a consequence, entrepreneurial net incomes have risen at a slower rate than other incomes in recent years and actually fell in 1967. Furthermore, it is unlikely that the Social Democratic coalition partners in the present government will consent to profit-biased policies. Rather, the gap between private investment and social-overhead investment, which has been allowed to widen to an alarming extent, will have to be reduced in the years to come. A share of the increased social-overhead investment by the public sector will go to education, where an increase in the age of graduates from elementary schools is widely demanded. This will further reduce the labor force as a percentage of the total population in the short run, although it can be expected to contribute to the skill of the labor force in the long run.

If the foregoing discussion suggests certain limits on German economic growth mainly because of constraints imposed by the labor force, it by no means suggests stagnation. An advanced stage in development has been reached, in which labor is becoming the relatively scarce factor of production. In this respect, the basic economic trend in Germany has come to resemble that of other developed industrial economies.

In 1966-1967, this normalization of the underlying trend was accompanied by a cyclical recession in economic activity, exposing West German businessmen to a decline in their net earnings for the first time in 20 years. Although during those 20 years fluctuations had occurred, cyclical slowdowns had been rendered harmless by the strong underlying upward trend. Changes in policies designed to control long-run fluctuations of employment, price levels, and the balance of international payments reflected the government's reaction to the normalizing of the economy.

A comparison of the cyclical booms in 1960–1962 and 1965 is useful in this context. In 1960, the West German economy was showing signs of excessive domestic demand which could not be accommodated by domestic supply and, consequently, indicated inflationary pressures. At the same time, there was a heavy demand for West German products abroad. The consequent surplus in external trade aggravated inflationary pressure by adding the equivalent of the surplus, as net spending by foreigners, to the already excessive level of domestic spending. This was the constellation frequently referred to, particularly by the German press, as “imported inflation.”

The ability of the German authorities to curb inflation has traditionally depended on the tight money policies of the *Deutsche Bundesbank*. German fiscal authorities have been generally unable or unwilling to use the budget effectively to moderate cycles. Tight money, however, raises interest rates, and higher interest rates attract yield-conscious foreign investors of short-term capital. In 1960–1961 these inflows of foreign funds were of considerable quantitative importance. Thus, instead of reducing the supply of money, the tight money policies of 1960 provided German commercial banks with ample liquid funds from abroad, enabling them to disregard the restrictive intentions of the *Bundesbank*. The importance of external balance for the domestic economy can hardly be demonstrated more clearly. The inflow of foreign liquid funds, soon boosted further by speculation on currency appreciation, became so heavy that it forced a turnabout in policy from tight to easy money. This shift implied that priority would be given to the adjustment of the balance of payments, instead of to domestic stabilization, with the expectation that once the embarrassing surplus was eliminated, the domestic boom could be brought under control. The eventual appreciation of the DM showed that domestic inflation was too high a price to pay for equilibrium in the balance of payments.

Compare this to the situation in 1965 when domestic demand once again became exces-

sive and, hence, inflationary. Pressure on domestic prices in 1965 began with a cost-push, as unions, having lost a good deal of their previous “discipline,” demanded higher wages, and as business reacted with cost-induced price increases. This typical cost-push phenomenon, which made the price level still more sensitive to rising demand, induced inflation before production reached full capacity. The change in behavior of imports between 1960–1961 and 1965 is particularly telling. In 1960–1961, the portion of rising incomes spent on imports was relatively small, in accordance with reconstruction policies. In 1965, however, income spent on imports was the main single factor in reversing the balance of payments. It reflected the structural change from investment toward consumption and a greater freedom to choose foreign products. Thus, when the boom of 1965 reached its inflationary peak, the balance of payments was already deteriorating, contrasting sharply with the balance of payments in 1960–1961.

The balance-of-payments deficit was welcomed by German authorities as a deflationary relief from excess domestic demand. In contrast to 1960, the commercial banks' liquidity position deteriorated in 1965 as a consequence of external pressures. This made restrictive monetary policy less necessary and averted the embarrassing capital inflows which had neutralized that policy in 1960.

Apparently, the interaction between external trade and the domestic economy has been altered by factors which are limiting further rapid expansion of the domestic economy.

In the 1960's, the West German economy has moved towards compatibility with the outside world, in the sense that its foreign trade can now be more readily balanced. Germany is beginning to move away from the chronic external surplus and the undervalued currency of the reconstruction period. Excess domestic demand is now more likely to be met by imports, resulting in a trade deficit. Contrariwise, an external surplus will develop when domestic demand becomes deficient and net foreign demand compensates for this deficiency.

West Germany's position as a member of the European Economic Community has significantly affected this development. Table 1* indicates that the volume of West Germany's trade with Common Market members has increased by 90% between 1961 and 1966, whereas the increase in her overall volume of trade was only 60%. Trade with North America rose in line with the overall rate at about 60%, while the corresponding rates for Other Developed Countries and for Underdeveloped Countries were 50% and 30% respectively. More detailed trade figures show that the rapid increase in West Germany's E.E.C. trade was primarily reflected in the areas of industrial exports and agricultural imports. This result of tariff reduction among E.E.C. countries was to be expected as freer trade led to a higher degree of specialization among the members.

It follows from the differential growth rates in absolute trade volume that the relative shares of West Germany's trade were redistributed among her trading partners. A growing share of her trade was shifted to E.E.C. countries. Specifically, as Table 2 shows, the E.E.C. share of West German food imports and of industrial exports rose by 5% between 1961 and 1966. Table 2 further suggests that the redistribution of food import shares was accomplished mainly at the expense of Underdeveloped Countries. Further, the portion of total West German imports coming from E.E.C. countries has increased faster than the portion of West Germany's total exports going to E.E.C. countries. This suggests that the world outside the E.E.C. has been taking more of West Germany's industrial exports in exchange for less food sales.

These changes in basic trading patterns are producing changes in the net balances of commodity trade vis-à-vis various areas. West Germany's net food imports from Common Market countries, notably France and Italy, have grown rapidly and have been balanced in absolute terms by equally rapid

growth in industrial exports. The net balance between agricultural imports and industrial exports with regard to the E.E.C. has remained all but unchanged. Within the E.E.C., therefore, West Germany is moving toward greater specialization in her industrial products, balanced by greater reliance on food imports.

The central conclusion to be derived from studying the West German trade figures is the sharp contrasts between balanced specialization within the Market, and export-biased expansion of trade with the rest of the world. One fact tends to be concealed behind the publicity given to United States-E.E.C. conflicts: the main burden of the change in trade structure induced by the Treaty of Rome¹ has been carried by other developed countries, e.g., the European nonmember countries, particularly Great Britain and the Scandinavian countries.

GROWING INTERDEPENDENCE

The increasing Market share of her trade has linked West Germany more closely to her E.E.C. partners. Specialization leads to interdependence. The E.E.C. commission recognized from the beginning that increasing specialization within the Market would necessitate coordination of economic policies among the member governments. The gradual removal of barriers to trade is increasing each member country's sensitivity to changes in the other economies to an extent that at least *de facto* autonomy in policy decision is declining. It must be emphasized, however, that efforts toward policy coordination among Market countries are predicated on the acceptance by all members of the need for balanced trade within the Market. This goal is by no means self-evident. In fact, in a world of convertible currencies which facilitates multilateral settlements of imbalanced trade, the selective balancing of trade by area may involve discrimination against other areas.

On the other hand, once tariff reduction was accepted, policy coordination became a matter of necessity. The increase in the German trade surplus in 1963, for example, was largely due to strong inflationary pressures in

¹ *Ed. note:* Signed in 1957, this treaty established the European Economic Community. For excerpts from the text see *Current History*, February, 1958, pp. 111 ff.

* For tables see p. 320.

Italy, where trade deficit reached serious proportions in that year. E.E.C. policies required that both Italy and West Germany take coordinated steps to remedy the situation, i.e., to eliminate the Italian deficit by deflationary policies in Italy and to eliminate the German surplus by refraining from restrictive policies. The important result of coordination is that pressure to reduce one country's deficit is institutionally linked to another country's surplus. Although in general, balance of payments theory postulates eventual equilibrium in each country's balance of payments, equilibrium is reached only because disequilibrium creates forces which will adjust the flow of trade into balance. The adjustment is in the national interest of the affected country alone, to whom the state of affairs in other countries may be a matter of indifference. An autonomous country generally will not allow its balance of payments to adjust if this conflicts with domestic economic goals. In such a case, pressures will build up to force eventual adjustment.

In practice, pressures on deficit countries through losses of international reserves have been much stronger than inflationary pressures on surplus countries through reserve accumulation. Consequently, without the institutional link established by the E.E.C. commission between the surplus and deficit countries, imbalances would be more persistent. Adjustment in 1963 was greatly facilitated by the fact that Italy's deficit was relevant to decisions on Germany's surplus and vice versa.

The organization of coordinated policies within the E.E.C. was first explicitly undertaken in April, 1964, when the E.E.C. Council of Ministers accepted a proposal by the commission aimed at "restoring internal and external economic balance," in the E.E.C. countries.² The proposal was focused on fiscal policy, stipulating a limit on the growth of public expenditures in all Common Market

countries. This measure seemed ill designed because, under the circumstances, its adoption was indicated only in Italy and France. In West Germany, a restrictive policy would have led to a larger surplus. It is a fact, however, that fiscal restraint in West Germany is all but impossible to achieve due to the high autonomy of state and local governments in their spending decisions. The E.E.C. recommendation may have been based on the expectation that West Germany would not be in a position to comply. In this way, the desired selective impact could be anticipated.

Coordination of economic policies in the E.E.C. was extended to the monetary field by the formation of the Committee of Member States' Central Bank Presidents. This body, meeting at regular intervals, is concerned with the following tasks:

- (a) to conduct consultations regarding the general principles and main lines of Central Bank policy, especially in the field of credit and in that of the money and foreign exchange market;
- (b) and regularly to exchange information about the most important measures which fall within Central Banks' competence, and the review of these measures; this review shall take place in advance so far as is permitted by circumstances, and in particular by the periods set for ordering the measures in question.³

The very vague language in these directives underscores the voluntary nature of any compliance with E.E.C. recommendations on the part of the national governments. Restoring internal and external equilibrium, which is the objective of the Council of Ministers, simply means that full employment, stable prices and a balance of payments equilibrium is desired for each country in the Market.

The simultaneous achievement of all three goals in each member country, however, is almost certainly impossible. The level of employment, for example, may have to be re-

(Continued on page 307)

² Gordon L. Weil, *A Handbook on the European Economic Community* (New York: Praeger, Special Studies in International Economics, 1965), p. 176.

³ Report of the *Deutsche Bundesbank* for the Year 1964, p. 25.

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This expert points out that "... Berliners ... are aware of their own precarious position—precarious not only because of the Wall and of Walter Ulbricht's ultimate designs, but also because the excesses of the radical left are bound to provide a springboard for the radical right."

Crisis and Decline of West Berlin

BY FELIX E. HIRSCH

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ONCE UPON A TIME it was a high honor to serve as Lord Mayor of Berlin, then the capital of a mighty empire. The men whom the city fathers chose for this distinction, dignitaries like Max von Forckenbeck and Adolf Wermuth, enjoyed great prestige and wielded considerable administrative power. They were not fearful when they aroused the Kaiser's ill humor, as they sometimes did under William II, for they presided over an affluent, youthfully vigorous, and constantly growing metropolis. Its citizens were proud of their independence, their social progress, and their democratic traditions.

Half a century has passed since those happy days. The brave and able men who have headed the divided city for the last two decades have been less fortunate. They have had to maintain a precarious position—an outpost of the West surrounded by Communist-controlled East Germany—against heavy odds. They could not rest on a bed of laurels; their lot included many sleepless nights. Ernst Reuter, the first Lord Mayor of West Berlin, died far too young, in 1953; he was an indomitable fighter and a man of vision. It was largely due to his fearlessness and constructive imagination that the Western part of the city did not succumb in 1948–1949 to the Russian blockade and the designs of the Communist politicians in East Berlin. He made the city a "show window of freedom." His successors, Walther Schreiber and Otto

Suhr, were also men of courage and high ability, but lacked Reuter's political genius.

It was Willy Brandt who once again caught the enthusiasm of the Berliners by his attractive personality and his clear-cut pro-Western policy. During his tenure of almost a decade, he had no rival in the ranks of the Social Democrats in the embattled city; in 1964, he became also their national leader. There was a void when he left in the late fall of 1966 for Bonn, to become vice-chancellor and minister of foreign affairs and thus "junior partner" in Kurt-Georg Kiesinger's cabinet of the Grand Coalition. Unfortunately, Brandt had not groomed a successor for his job as mayor. Heinrich Albertz, a Protestant clergyman who had served as a prominent member of Brandt's administrative team, was chosen with some hesitation. He clearly was not up to his task. He handled the student demonstrations of the summer of 1967 with disastrous ineptitude and his own political friends forced him to resign after less than a year in office.

At that moment, Brandt realized that the fate of his town was at stake. Internal dissension, economic decline and outside pressures threatened not only the powerful position of the Social Democratic leadership in Berlin, but also the welfare of the city itself. He decided to send his close friend and collaborator Klaus Schütz, his *Staatssekretär*, i.e., deputy in the foreign office, to Berlin to restore confidence in the city administration and to give his party a "new look."

Born in 1926, Schütz is rather young for such a top job, but he brought many fine qualifications to City Hall. He had studied first at the Humboldt University in East Berlin and the just emerging Free University, and then at Harvard. At 28, he was a member of the Berlin parliament; a few years later, he was sent by the Social Democrats to the *Bundestag* in Bonn; and, in 1961, he joined Brandt's administration as senator for federal affairs. In late 1966, he accompanied his friend and mentor to the foreign office in Bonn. In the hour of need, he returned to Berlin, with some reluctance, but also with firm determination. Schütz paid a flying visit to the United States in early February, 1968, in search of economic and political support for his city. He made a very favorable impression on those, like this writer, who had the opportunity to talk to him informally. One had the feeling that if anybody could, this honest, upright, resourceful man with his contagious optimism could master a situation which threatened to get out of control. That he might not always please the radical elements is obvious; who could blame him under the circumstances? Theodor Eschenburg, a noted political scientist in Tübingen, observed correctly in *Die Zeit* of March 5, 1968, that "at the moment there is probably no tougher job in the Federal Republic than that of the Lord Mayor of Berlin." Eschenburg added that Schütz must rely on American support in case of a conflict, and underscored a fundamental fact that the youthful rioters had chosen to disregard: "That Berlin is still free today is owed, next to the courage of its population, above all to the protection by the United States."

SOME PERSISTENT PROBLEMS

Any critical observer who spends some time in West Berlin is bound to realize some of the city's persistent problems. First of all, there is its insularity, created by the Allied occupation agreements of 1945 and now highlighted by the Wall, erected in August, 1961. The 2,200,000 people of West Berlin are separated from West Germany, except for air traffic, railroad and *Autobahn*—and who can afford

to travel constantly 110 miles or more? They have no *Lebensraum*. There are many attractive spots in the neighborhood, ideally suited for a Sunday outing, but these are beyond the city limits and totally inaccessible. Even at Wannsee and Havel, the most popular excursion area at the outskirts of Berlin, one has to be wary of the East German border police. The city is so hard pressed for space that even the occupancy of cemeteries has been restricted. In one of Berlin's most famous historical cemeteries, the writer was advised that burial grounds could be retained only for 25 years; only a special appeal secured an exception for the grave of a close relative.

The lack of normal suburbs has had a disastrous impact, for example, on the city's newspapers. Under the Empire and the Weimar Republic, certain Berlin newspapers occupied a position of leadership on the European continent, equaled only by the great papers of Paris and perhaps Vienna. Hitler and Goebbels ended this eminence of high-caliber free journalism. Many newspapers were founded in Berlin after World War II; some have quietly disappeared and most of the survivors are not flourishing. The liberal *Tagesspiegel* and the Social Democratic *Telegraf*, the two best of the independent papers, cling to a precarious existence; the number of their readers and advertisers outside West Berlin is small. Only the publishing house of Axel Springer, which has its headquarters in a majestic building close to the Wall, is prospering; it issues the popular *Berliner Morgenpost* and other papers. Most of its resources, however, are not in Berlin, but in West Germany. Springer, now the object of violent attacks from leftist elements in Berlin, controls *Die Welt*, a respectable and influential conservative paper, and *Die Bild-Zeitung*, a low-brow picture sheet bought by millions, in addition to a chain of other publications. Not only newspapers but also some major book publishers have found the going in West Berlin very rough; dismayed by their isolation in the city, they have moved to the West. The whole printing business has declined. The danger that the former national

capital will turn into a provincial town without creative power is ever present; in fact, this threat is one of the deeper causes of the unrest that has spread through Berlin's academic youth. The young people "revolt against subsidized agony," to quote the poet Ingeborg Bachmann.

The population structure is certainly one of Berlin's most persistent problems. This is a town in which the older people predominate. According to very telling statistics published in *Der Spiegel* of October 9, 1967, no less than 270,000 widows live in the city, one-eighth of the total population. Efforts to induce younger West Germans to move to Berlin and fill the depleted reservoirs of skilled labor have been less than successful, even though ingenious financial attractions have been offered. From 1961 to 1966, the number of people in the employable age groups decreased by 80,000; by 1975, at least 25 per cent of the population are expected to be above 65. Berlin, a city once bristling with energies, faces thus the prospect of becoming a gigantic retirement home, unless the city is revitalized.

How can calamity befall a city whose political and social structure seemed reasonably solid through most of the postwar years? Various factors, long hidden by the sensation of living in a frontier city, contributed to the malaise. Until 1961, West Berlin provided an easy escape route for the millions of people who fled from East German dictator Walter Ulbricht's tyranny. In addition, the city gave other hundreds of thousands of East Germans a chance to breathe the air of cosmopolitanism on short excursions to the Kurfürstendamm with its modern stores, its theatres and cafes, and to the *Amerikahaus* with its papers, journals, and lectures. What a contrast between this fortress of freedom, the most exciting city in Central Europe, and the drab, joyless avenues of the East sector! Above all, the Free University, which had just been established in the suburb of Dahlem under the guiding hand of the venerable liberal historian Friedrich Meinecke, seemed to assure West Berlin of a position of intellectual leadership for the postwar generation. It was a

source of pride that all this progress was accomplished with generous American support and that bonds of true friendship and mutual respect seemed to link victor and vanquished. Who would have thought then that in February, 1968, ten thousand people in West Berlin would demonstrate against America?

THE DAY THE CRISIS STARTED

Few fully realized it then, but August 13, 1961, was the day on which the decline of West Berlin actually began. The rapid building of the Wall through the heart of the city was a masterstroke of Nikita Khrushchev and Walter Ulbricht. It stopped the flight of the myriad of dissatisfied East German professional people and skilled workers to the West. From that moment on, the economy of the German Democratic Republic could be stabilized and eventually upgraded. Yet the amount of damage done by the Wall was not immediately evident to the West German public. Infusion of enormous funds by the West German government kept the Berlin economy going and preserved the semblance of continued prosperity. In the city elections of 1963, Lord Mayor Willy Brandt, the champion of Berlin's will to remain free, won a tremendous vote of confidence. His party polled 61.9 per cent of the vote, while Adenauer's Christian Democratic Union received only 28.8 per cent and the Free Democrats staged a comeback with 7.9 per cent. The (Communist) Socialist Unity party sank to an all-time low of 1.4 per cent.

On visits to Berlin in 1962 and 1964 this writer was not aware of an approaching major crisis, but the picture was different in the summer of 1965. In Berlin there were two deep undercurrents of dissatisfaction at the Free University; they could also be found at other German institutions of higher learning. One was an increasing disenchantment with the organizational structure of the University because it put too much power into the hands of the full professors. Some of these professors were, and still are, opposed to long-needed academic reforms; however, the Free University is actually more modern than many other German universities.

The second cause of unrest was the deteriorating world situation, especially the conflict in Vietnam. The longer the struggle in Southeast Asia lasted, the more bewildered were many German university students. In Berlin, this sentiment led to demonstrations, in which radical elements eventually gained the upper hand. It may well be argued that, indirectly, the departure of Willy Brandt from Berlin's City Hall also had something to do with the increasingly violent temper of the young demonstrators. Until he joined the government of the Grand Coalition, he had been the symbol of honest, though moderate, opposition to the conservative forces ruling in Bonn. Many young people felt that the Federal Republic had ceased to be a true democracy, for both major parties had joined hands in a compromise which youth did not appreciate. The Free Democratic party, now the only opposition group, seemed far too small to serve as an effective check on the Kiesinger regime. This sentiment against the Grand Coalition is not unique; it is shared by large segments of the Social Democratic membership.

CRISIS AT THE FREE UNIVERSITY

Roughly 35,000 students are enrolled at the various academic institutions in West Berlin, about 15,000–16,000 of them at the Free University and 10,000 at the Technical University. But the students who planned the public demonstrations and actively participated in them then and later count only in the hundreds. Officials in Berlin do not believe that these semi-revolutionary elements, perhaps 500 students in all, are influenced by Communist agitators from the other side of the Wall. But the demonstrators certainly appear to be far to the left of the Social Democratic party; their criticisms of German society and of the foreign policy of the Western democracies is radical and is couched more and more in revolutionary terms. The *Sozialistische Deutsche Studentenbund*

(S.D.S.), the organization which provides the leadership for the "policy of permanent university revolt" (a phrase taken from an S.D.S. resolution of January 7, 1967), was actually removed from the party about eight years ago, when the S.P.D. decided that party membership was incompatible with enrollment in the S.D.S. At the Free University, the S.D.S. usually dominated the conduct of the official student representation, the A.S.T.A., but there are also some other radical student groups.¹

Brandt's successor, Mayor Heinrich Albertz, had not yet taken office when a new series of public demonstrations began. The theme was Vietnam; the method was to proceed in such a clever way that incidents could be blamed conveniently on "police brutality." There can be no doubt that many police officials acted injudiciously and were too easily provoked by the conduct of the demonstrators. Obviously, the police were not prepared to deal with the students calmly and effectively. Nor was the new Lord Mayor astute enough. By early April, 1967, the A.S.T.A. was intensifying its campaign; this time, the official student representation urged the students to demonstrate against United States Vice President Hubert Humphrey, who was in Berlin as guest of the city's senate. Next came a "sit-in" sponsored by the A.S.T.A. Recognizing that the "fascist methods" of the student leadership were putting him on the spot, University Rektor Lieber decided to take administrative steps against five leaders of the "sit-in" demonstration, among them Rudi Dutschke, who was to emerge eventually as the leading figure in the student revolt. It is worth noting that at least some younger professors sided with the radical students. Jürgen Habermas and Ludwig von Friedeburg of the University of Frankfurt stated in an open letter on May 4, 1967: "After the happenings in Berkeley and at other American and European universities every unbiased observer must recognize that the "sit-in" has become a weapon of students in academic conflicts." They argued against "legalistic resentment"; this, they said, was not a jurisdictional fight; the students wanted to reform their curricula

¹ The movement is complex; perhaps the best-informed analysis may be found in a volume, *Die Rebellen von Berlin*, a documentation by Jens Hager (Cologne: Kiepenheuer and Witsch, 1967); this is not an objective presentation, however, and must be read with caution.

sensibly and their leaders represented their interests effectively. From then on, both sides were on collision course; and in the beginning of June a tragic event led to a major disaster.

For years, the government in Bonn has made legitimate efforts to develop strong economic ties with underdeveloped countries of Asia and Africa. It was not unusual for the Federal Republic to receive, with some pomp and flattery, rulers of such nations, democratic or not. (The United States has done likewise.) A carefully planned state visit of the Shah of Iran to the Federal Republic seemed to be just one more such visit. But the Student Convent of the Free University "condemned the visit of the Shah to West Berlin" because of his antidemocratic regime, and called for demonstrations against him.

While the Shah and his wife were attending a gala performance in the German Opera-house, police tried to cope with student demonstrators. By then, long pent-up hatred prevailed on both sides, and police officers finally lost their self-control. Benno Ohnesorg, a student who was participating in such an affair for the first time, was killed by a police bullet. From then on, the city was in turmoil. On the one side was Mayor Albertz, who tried to defend the police action as best he could, most of the Berlin press, his senator of the interior and the police president. In the other camp, the students gained substantial support. About 300 professors and academic assistants of the Free University declared that they "consciously and publicly" supported the students and their representatives. Independent West German journals like *Die Zeit* and *Der Spiegel* also criticized the conduct of the police sharply. Eventually, the senior police officials had to resign. Increasingly, Lord Mayor Albertz found himself in an untenable situation. He resigned, when he saw that he had lost the confidence not only of the students, but also of many of his political friends.

THE TASK OF THE NEW MAYOR

A new era began with the coming of his successor, Klaus Schütz, in October, 1967.

In the months after he took office, the student demonstrations, masterminded by Rudi Dutschke of the S.D.S., did not stop. But Schütz and his associates have not yet lost their good humor and sense of proportion. They face the threat from the radical left with determination, but without hysteria. When Dutschke was permitted by court order to stage another anti-American demonstration on February 18, 1968, Schütz called for a *Freiheitskundgebung* in the John F. Kennedy Square on February 21. About 100,000 Berliners turned out to hear Schütz proclaim: "The Americans are here to fight for the freedom of this city. We are not going to stand around and watch Berliners spit on American boots." Schütz expressed in these blunt sentences the feelings of those Berliners who are aware of their own precarious situation—precarious not only because of the Wall and of Walter Ulbricht's ultimate designs, but also because the excesses of the radical left are bound to provide a springboard for the radical right. Dutschke and his backers, among them some Marxist philosophers and other luminaries, may eventually provoke a serious reaction. The National Democratic party, the new rightist party, has thus far only a few followers in Berlin, but it is likely to benefit from continuous excesses of the extreme left wing. In the last city-wide elections of March, 1967, the S.P.D. lost some support, but maintained a solid parliamentary base for the coalition government, in which

(Continued on page 308)

Felix E. Hirsch is a native of Berlin, where he was a political editor of the *Berliner Tageblatt*. He immigrated to the United States in 1935, and has served as professor of history and librarian at Bard College and, since 1955, at Trenton State College. Twice Professor Hirsch returned to Germany as a visiting professor of history, in 1962 at the Technical University in Karlsruhe and in 1965 at the University of Heidelberg, his alma mater. Among his many writings is a book on *Gustav Stresemann, Patriot and European* (Göttigen: 1964).

BOOK REVIEWS

ON GERMANY

HITLER'S LAST GAMBLE. The Battle of the Bulge. By JACQUES NOBÉCOURT. Translated from the French by R. H. Barry. (New York: Schocken Books, 1967. 302 pages, bibliography and index, \$8.95.)

The great battles and campaigns of the Second World War have elicited some equally great books. Here is one of the best, fast-moving, sound and readable, focusing on German and Allied problems and policies in the last crisis before German defeat. A crucial chapter of war history is reestablished in the context of its time. The relation between political and military aspects of the Ardennes offensive is vividly sketched; the long-term effects on war and peace are judiciously weighed; the debate of the contending generals is fairly reviewed; and General Eisenhower's military reputation is cleared.

Nobécourt, himself a veteran of the First French Army and now a correspondent of France's most distinguished newspaper—*Le Monde*—has written a splendid book. The translation is worthy of the original.

Eugen Weber
University of California, Los Angeles

THE SWASTIKA AND THE EAGLE. By JAMES V. COMPTON. (Boston: Houghton Mifflin Company, 1967. 297 pages, \$5.95.)

NAZI GERMANY AND THE AMERICAN HEMISPHERE 1933–1941. By ALTON FRYE. (New Haven: Yale University Press, 1967. 229 pages, \$6.75.)

Readers out for a bit of academic fun could contrast the arguments of these two books to show how scholars using somewhat similar material to deal with somewhat similar topics can reach very different conclusions. Though both books deal with relations between Hitler's Germany and the Western Hemisphere, they are quite differ-

ent. Frye's scope is broader, taking in Nazi activities in other American countries. Compton focuses on the men and motives that determined Hitler's United States policy. Less dispersed, less polemical, the latter has given us the better, more convincing book, showing with a wealth of detail how, starting from correct premises, twisted by prejudices, German policy blundered into war with the one enemy it had meant to avoid. Frye insists on the threat that Nazi Germany posed to the Western Hemisphere. Compton shows the threat that Hitler's inconsistency posed to Germany itself. One can only speculate on the expansive ambitions of the great land-mass power which Hitler tried to build. The maneuvers by which he sought to build it are part of history, and so is his failure.

E.W.

THE NUREMBERG PARTY RALLIES: 1923–39. By HAMILTON T. BURDEN. (New York: Frederick A. Praeger, 1967. 206 pages, index and appendices, \$5.95.)

CHARISMA AND FACTIONALISM IN THE NAZI PARTY. By JOSEPH NYOMARKAY. (Minneapolis: University of Minnesota Press, 1967. 161 pages, bibliography and index, \$5.00.)

PRELUDE TO DOWNFALL: HITLER AND THE UNITED STATES 1939–1941. By SAUL FRIEDLÄNDER. Translated from the French by Aline B. and Alexander Werth. (New York: Alfred A. Knopf, 1967. 328, ix pages, bibliography and index, \$6.95.)

The deluge of books on Nazi Germany continues, and printers are beginning to run short of swastika type. Here are three further contributions, each shedding a little more light for the industrious reader.

Burden tells the story of the great party rallies which, over 15 years, illustrated the image of a massive and dynamic movement.

The topic is original and might have lent itself to imaginative treatment which Burden fails to provide. His book is little more than an account of the organization of the rallies, their progressive growth and their successive programs: raw material for further analyses or for the interpretations of others.

Professor Nyomarkay, on the other hand, gives us a highly analytical study of leadership and factionalism within the Nazi party, focused on certain internal power crises of the late 1920's and early 1930's. The last of these is the struggle which culminated in the storm trooper (S.A.) purge of 1934. One regrets the absence of reference to the internal quarrels of Nazi leadership at later dates—particularly during 1944, when political rivalries exerted decisive influence on the conduct of the war.

Professor Friedländer's contribution is straightforward diplomatic history, handled by an able professional. As might be expected from the author of *Pius XII and the Third Reich*, events and moves are outlined coolly, clearly and with a minimum of comment. The book provides a well documented account of German-American relations in those first years of the war when the involvement of the United States was not yet a foregone conclusion; it shows Hitler's concern with the possibility of keeping America out, and suggests how policies designed to divert American energies and attention ensured American participation leading to German defeat.

E.W.

ADOLF HITLER. *His Family, Childhood and Youth*. BY BRADLEY F. SMITH. (Stanford: Hoover Institution, 1967. 180 pages, appendices, bibliography and index, \$6.50.)

The events of Adolf Hitler's Austrian youth, ending with his draft-dodging move to Munich in 1913, mark the span of this handy and interesting book. Drawing on original archival material and on the wealth of existing biographical works, it provides a straightforward narrative of

Hitler's first 24 years: critical of the evidence, competent, and as pedestrian as the lives it describes. The reader must decide whether this last comment applies to the life of the hero himself, whose personality develops into a close approximation of the original mixed-up kid: confused, romantic, childish, snobbish, pretentious, lazy and undisciplined.

As Professor Smith makes clear, this is scarcely due to dire childhood experiences, lack of care or parental affection, unusual traumas or frustrations, horrid secrets to be repressed or overcome. We are left with a portrait of the future monster as a child and young man—neither exceptional nor repulsive.

How this self-indulgent drifter, dabbling unsuccessfully in music, art, architecture and politics, seeking satisfaction in escapist fantasies, garnered the experience, the self-reliance, the opinionated strength of mind that eventually shook the world, is not exactly clear. This, however, is only partly the author's fault. The evidence is thin and he has made the best of it—within certain limits.

E.W.

GERMANY'S AIMS IN THE FIRST WORLD WAR. BY FRITZ FISCHER. With Introductions by Hajo Holborn and James Joll. (New York: W. W. Norton & Company, 1967. xxiv and 652 pages, introductions, prefaces, bibliography and index, \$15.00.)

Based largely on archival material, this is a condensed version of *Griff nach der Weltmacht*, which was first published in 1961. Germany's large share of the responsibility is emphasized in the 90 pages that discuss the origins of the First World War.

Fritz Fischer's main thesis is that German aims throughout the war were grandiosely expansionist. Belgium, Poland and the Baltic provinces were to be annexed outright or otherwise made dependent upon Germany. There would be important acquisitions from France, and a large Ger-

man-dominated *Mitteleuropa*. All tropical Africa would be taken by Germany. German military and civilian authorities fully shared these aims, though Chancellor Theobald von Bethmann-Hollweg and his successors seldom expressed them publicly. In the *Reichstag*, only the Independent Socialists were really in opposition; the Peace Resolution of June, 1917, which disclaimed annexations, was interpreted in Germany to allow indirect domination. The Treaty of Brest-Litovsk marked the realization of Germany's eastern intentions, but further designs developed toward the Crimea and the Trans-Caucasus, and toward economic exploitation of "rump-Russia." President Paul von Hindenburg hoped through September, 1918, that Germany might acquire the iron of Lorraine.

With depressing fatuousness, the German leaders believed in final victory almost to the end. Austro-Hungarian leaders who, from late 1916 on, wanted peace without annexations, were helpless, as were the Germans opposed to the "reach for world power." Stronger German opposition would have been possible.

As Hajo Holborn observes, there were great differences between German leaders in World War I and those in World War II. For example, in August, 1914, Zionist leader Bodenheimer noted Germany's commitment to Jewish rights in Russia, and in late September, 1918 (too late), Kaiser William II chose democratization rather than dictatorship. Nevertheless, the close similarity of German aims in the two world wars is evident.

Fischer's contribution to German World War I historiography is significant. He acknowledges that the Entente's war aims were also extensive, and urges similar re-research in this field.

Ralph H. Pickett
University of Bridgeport

THE FUTURE OF GERMANY. By KARL JASPERS. Translated and edited by E. B. Ashton with a foreword by Hannah Arendt. (Chicago and London: The University of

Chicago Press, 1967. 173 pages, foreword and preface, \$4.95.)

In Jaspers' view, democracy in West Germany is weak. An oligarchy of parties rules; the proposed emergency laws may lead to dictatorship; the present Christian Democratic-Social Democratic coalition has ended effective opposition. But some constructive recommendations are presented.

Since only the United States and the U.S.S.R. are now great powers, Jaspers feels Germany is helpless against Soviet Russia except through the American alliance. The Oder-Neisse boundary and a separate East Germany must be accepted.

Factual errors appear in the book, and the author's adulation of Kennedy is rather naïve. But this elderly philosopher's warnings deserve careful attention both in Germany and abroad. R.H.P.

GERMANY WITHOUT BISMARCK. THE CRISIS OF GOVERNMENT IN THE SECOND REICH, 1890-1900. By J. C. G. RÖHL. (Berkeley and Los Angeles: University of California Press, 1967. 304 pages, preface, appendix, bibliography and index. \$9.00.)

In the late 1890's, Kaiser Wilhelm II obtained full personal control of his government. Georg von Caprivi, Chancellor from 1890 to 1894, had shared in appointment-making and policy determination. His aged successor, Max von Hohenlohe, aided by Foreign Secretary Marschall von Bieberstein and Permanent Foreign Office Counsellor Friedrich von Holstein, also tried to exercise real authority. But Philipp Eulenburg, the Kaiser's adviser and flatterer, had Marschall replaced by Bernhard von Bülow in 1897, and soon other independent-minded officials were removed. Thereafter Hohenlohe was a helpless figurehead until his resignation in 1900.

Intrigues among politicians are described so fully that broad developments become blurred. But the constant near-deadlock between Parliament and its vainglorious monarch is impressively presented. R.H.P.

FRANCE, GERMANY AND THE NEW EUROPE 1945-1967. By F. ROY WILLS. (Stanford: Stanford University Press, 1968. 431 pages, index, bibliography and notes, \$12.50.)

This is a revised and expanded version of the 1965 edition. A new final chapter surveys Charles de Gaulle's relationships with Ludwig Erhard and Kurt-Georg Kiesinger and ends on a pessimistic note.

O.E.S.

WHICH WAY GERMANY? By HARRY W. FLANNERY AND GERHART SEGER. (New York: Hawthorn Books Inc., 1968. 246 pages and index, \$6.95.)

A short, but remarkably well-sketched history of Germany, this book looks at West Germany of 1968 and analyzes its chances for continuing in democratic pathways. After a survey of the facets of Germany history which provide a basis for the establishment of the successful practice of democracy, the authors weigh the many factors bearing on hopes for continued progress.

Discounting the present neo-Nazi movement as more worried-about than worrisome, Flannery and Seger conclude that, given a viable economy in a stable world scene, chances for German democracy are bright.

O.E.S.

MISCELLANEOUS STUDIES

THE IMPERIAL ORDER. By ROBERT G. WESSON. (Berkeley and Los Angeles: University of California Press, 1967. 547 pages, bibliography and index, \$10.00.)

In thoughtful and impressive fashion, Wesson deals with one of the basic questions of political science—How has man coped with power? His evaluation is discouraging, but not unexpected: neither wisely, nor humanely.

Skillfully using the data of comparative history, he has engaged in first-rate political analysis. The great empires are examined from different vantage points: their organization and transfer of political power; their stability and strength; their alleged sustenance and support of intellectual de-

velopment; their attitude toward the improvement (or should we say impoverishment) of the people; and their inner cohesiveness. He argues persuasively that great empires are not builders, nor do they necessarily ensure peace; rather, they become ends unto themselves. There is a richness of insight and material in this book that deserves careful attention. A.Z.R.

THE CHINESE COMMUNIST REGIME: DOCUMENTS AND COMMENTARY. EDITED BY THEODORE H. E. CHEN. (New York: Frederick A. Praeger, 1967. 344 pages, \$8.50.)

This is a valuable reference work and text for students of Chinese governmental organization and the Chinese Communist party. It is not a broadly structured report, but rather a concise statement of the underlying causes supporting recent internal Chinese social relations. The text provides basic information, in terms of incisive background data, and a series of key documents relating to numerous laws and regulations attesting to present-day life in the Chinese People's Republic. This selection of statements, writings and editorial comments shows diligent research into complex administrative and political policies and is both authoritative and comprehensive in presenting a cross section of current thinking on the mainland.

René Peritz
Indiana State University

MAJOR PEACE TREATIES OF MODERN HISTORY, 1648-1967. EDITED BY FRED L. ISRAEL with an introductory essay by Arnold Toynbee, commentaries by Emanuel Chill. (New York: McGraw-Hill, 1967. Four volumes, 2880 pages, 28 maps and index, \$110.)

An invaluable tool for the historian, this first comprehensive collection of peace treaties is clearly indexed and well printed. The treaties are well translated into English, the introduction and commentaries are brief and lucid. This expensive set of references is worth the investment for libraries and scholars.

O.E.S.

CURRENT DOCUMENTS

1968 State of the Union Message

On the evening of January 17, President Lyndon B. Johnson presented his 1968 "State of the Union" message to the United States Congress. Excerpts from this address follow:

I report to you that our country is challenged at home and abroad:

¶That it is our will that is being tried, and not our strength; our sense of purpose, and not our ability to achieve a better America;

¶That we have the strength to meet our every challenge, the physical strength to hold the course of decency and compassion at home; and the moral strength to support the cause of peace in the world.

And I report to you that I believe, with abiding conviction, that this people—nurtured by their deep faith, tutored by their hard lessons, moved by their high aspirations—have the will to meet the trials that these times impose.

Since I reported to you last January,

¶Three elections have been held in Vietnam—in the midst of war and under the constant threat of violence.

¶A President, a Vice President, a House, a Senate, and village officials have been chosen by popular, contested ballot.

¶The enemy has been defeated in battle after battle.

¶The number of South Vietnamese living in areas under government protection tonight has grown by more than a million since January of last year.

And these are all marks of progress.

Yet, the enemy continues to pour men and material across frontiers and into battle, despite his continuous heavy losses.

He continues to hope that America's will to persevere can be broken. Well, he is wrong. America will persevere. And our patience and

our perseverance will match our power. Aggression will never prevail.

But our goal is peace and peace at the earliest possible moment. Right now we are exploring the meaning of Hanoi's recent statement. There is no mystery about the questions which must be answered before the bombing is stopped.

We believe that any talks should follow the San Antonio Formula that I stated last September, which said that the bombing would stop immediately if talks would take place promptly and with reasonable hopes that they would be productive. And the other side must not take advantage of our restraint as they have in the past. This nation simply cannot accept anything less without jeopardizing the lives of our men and our allies.

If a basis for peace talks can be established on the San Antonio foundations—and it is my hope and my prayer that they can—we would consult with our allies and with the other side to see if a complete cessation of hostilities, a really true cease-fire, could be made the first order of business.

Since I spoke to you last January other events have occurred that have major consequences for world peace.

The Kennedy Round achieved the greatest reduction in tariff barriers in all the history of trade negotiations.

The nations of Latin America at Punta del Este resolved to move toward economic integration.

In Asia, the nations from Korea and Japan to Indonesia and Singapore worked behind

shield to strengthen their economic and to broaden their political cooperation.

And Africa, from which the distinguished Vice President has just returned, he reports to me that there is a spirit of regional cooperation that is beginning to take hold in very practical ways.

During the Arab-Israeli war last June, the hot line between Washington and Moscow was used for the first time in our history. A cease-fire was achieved without a major power confrontation.

Now the nations of the Middle East have the opportunity to cooperate with Ambassador Jarring's U.N. mission—and they have the responsibility to find the terms of living together in stable peace and dignity, and we shall do all in our power to help them achieve that result.

Not far from this scene of conflict, a crisis flared on Cyprus, involving two peoples who are America's friends—Greece and Turkey. Our very able representative, Mr. Cyrus Vance, and others helped to ease this tension.

Turmoil continues on the mainland of China after a year of violent disruption. The radical extremism of their government has isolated the Chinese people behind their own borders. The United States, however, remains willing to permit the travel of journalists to both of our countries; to undertake cultural and educational exchanges; and to talk about the exchange of basic food crop materials.

Since I spoke to you last, the United States and the Soviet Union have taken several important steps toward the goal of international cooperation.

As you will remember, I met with Chairman Kosygin in Glassboro and we achieved, if not accord, at least a clearer understanding of our respective positions, after two days of meetings.

Because we believe that the nuclear danger must be narrowed, we have worked with the Soviet Union and with other nations to reach an agreement that will halt the spread of nuclear weapons.

We achieved in 1967 a consular treaty with

the Soviets; the first commercial air agreement between the two countries and a treaty banning weapons in outer space. We shall sign and submit to the Senate shortly a new treaty with the Soviets and with others for the protection of astronauts.

But despite this progress, we must maintain a military force that's capable of deterring any threat to this nation's security, whatever the mode of aggression. Our choices must not be confined to total war—or to total acquiescence.

This year I shall propose that we launch with other nations an exploration of the ocean depths to tap its wealth and its energy and its abundance. That we contribute our fair share to a major expansion of the International Development Association and to increase the resources of the Asian Development Bank. That we adopt a prudent aid program rooted in the principle of self help. That we renew the Food for Freedom program.

Now let me speak about some matters here at home.

. . . while we have accomplished much, much remains for us to meet, and much remains for us to master.

¶In some areas, the jobless rate is still three or four times the national average.

¶Violence has shown its face in some of our cities.

¶Crime increases on our streets.

¶Income for farm workers remains far behind that for urban workers; and parity for our farmers, who produce our food, is still just a hope—and not an achievement.

¶New housing construction is far less than we need—to assure decent shelters for every family.

¶Hospital and medical costs are high, and they are rising.

¶Many rivers—and the air in many cities—remain badly polluted.

And our citizens suffer from breathing that air.

We lived with conditions like these for many, many years. But much that we once accepted as inevitable, we now find absolutely intolerable.

The first essential is more jobs; useful jobs for tens of thousands who can become productive and can pay their own way.

Our economy has created 7.5 million new jobs in the past four years. And it's adding more than a million and a half new jobs this year.

And through programs passed by the Congress, job training is being given tonight to more than a million Americans in this country.

And this year, the time has come when we must get to those who are last in line—the hard-core unemployed—the hardest to reach.

Employment officials estimate that 500,000 of these persons are now unemployed in the major cities of America; and our objective is to place these 500,000 in private industry jobs within the next three years.

To do this I propose a \$2.1-billion manpower program in the coming fiscal year—a 25 per cent increase over the current year. Most of this increase will be used to start a new partnership between government and private industry to train and to hire the hard-core unemployed persons. And I know of no task before us of more importance to us and to the country, or to our future.

Another essential is to rebuild our cities. Last year the Congress authorized \$662 million for the model cities program. I requested the full amount of that authorization to help meet the crisis—the crisis in the cities of America. But Congress appropriated only \$312 million, less than half.

This year I urge the Congress to honor my request for model cities funds to rebuild the centers of American cities by granting the full amount that you in the Congress authorized—\$1 billion.

The next essential is more housing—and more housing now. Surely a nation that can go to the moon can place a decent home within the reach of its families.

And therefore, we must call together the resources of industry and labor to start building 300,000 housing units for low and middle income families next year. That's three times more than last year.

We must make it possible for thousands of

families to become homeowners and not rent payers, and I propose for the consideration of this Congress a 10-year campaign to build six million new housing units for low and middle income families—six million units in the next 10 years. We built 530,000 the last 10 years.

... it is a shocking fact that in saving the lives of babies, America ranks 15th among the nations of the world, and among children, crippling defects are often discovered too late for any corrective action, and this is a tragedy that Americans can, and Americans should, prevent.

And I shall therefore propose to the Congress a child health program, to provide over the next five years for families unable to afford it access to health services from prenatal care of the mother through the child's first year.

I propose new powers for the Federal Trade Commission to stop those who defraud and who swindle our public.

Now we at every level of government—state, local, federal—know that the American people have had enough of rising crime and lawlessness in this country.

They recognize that law enforcement is first the duty of local police and local government.

They recognize that the front line headquarters against crime is in the home and in the church and in the City Hall and the county courthouse and the state house—not in the far-removed national capital of Washington.

But the people also recognize that the national government can and the national government should help the cities and the states in their war on crime to the full extent of its resources and its constitutional authority. And this we shall do.

This does not mean a national police force. It does mean help and financial support:

¶To develop state and local master plans to combat crime.

¶To provide better training and better pay for police.

¶To bring the most advanced technology to the war on crime in every city and every county in America.

Non-Proliferation Treaty: Article III

On January 18, the United States and the U.S.S.R. reached agreement on Article III of the non-proliferation of nuclear weapons treaty. The original treaty text—minus Article III—appeared in Current History, February, 1968. The complete text of Article III follows:

Article III

1. Each non-nuclear-weapon State Party to the Treaty undertakes to accept safeguards, as set forth in an agreement to be negotiated and concluded with the International Atomic Energy Agency in accordance with the Statute of the International Atomic Energy Agency and the Agency's safeguards system, for the exclusive purpose of verification of the fulfillment of its obligations assumed under this Treaty with a view to preventing diversion of nuclear energy from peaceful uses to nuclear weapons or other nuclear explosive devices. Procedures for the safeguards required by this Article shall be followed with respect to source or special fissionable material whether it is being produced, processed or used in any principal nuclear facility or is outside any such facility. The safeguards required by this Article shall be applied on all source or special fissionable material in all peaceful nuclear activities within the territory of such State, under its jurisdiction, or carried out under its control anywhere.

2. Each State Party to the Treaty undertakes not to provide: (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon State for peaceful purposes, unless the source

or special fissionable material shall be subject to the safeguards required by this Article.

3. The safeguards required by this Article shall be implemented in a manner designed to comply with Article IV of this Treaty, and to avoid hampering the economic or technological development of the Parties or international cooperation in the field of peaceful nuclear activities, including the international exchange of nuclear material and equipment for the processing, use or production of nuclear material for peaceful purposes in accordance with provisions of this Article and the principle of safeguarding set forth in the Preamble.

4. Non-nuclear-weapon States Party to the Treaty shall conclude agreements with the International Atomic Energy Agency to meet the requirements of this Article either individually or together with other States in accordance with the Statute of the International Atomic Energy Agency. Negotiation of such agreements shall commence within 180 days from the original entry into force of this Treaty. For States depositing their instruments of ratification after the 180-day period, negotiation of such agreements shall commence not later than the date of such deposit. Such agreements shall enter into force not later than eighteen months after the date of initiation of negotiations.

GERMANY AND EAST EUROPE

(Continued from page 267)

Soviet Party Secretary Leonid Brezhnev denounced West German policy as an effort to split the Warsaw Pact and isolate the D.D.R. While this might be interpreted, in part, as a pep talk for Ulbricht, which did not close

the door to détente, there has been no subsequent departure from this line.

Although the Soviet Union can restrain the Warsaw Pact states, Yugoslavia is much more difficult to influence. At the beginning of 1968, negotiations for the resumption of diplomatic relations were opened between the Federal Republic and Yugoslavia.

Negotiations with Yugoslavia once again

raised problems in connection with the Hallstein doctrine. In the preceding year, during the negotiations with Rumania, it was argued that the Warsaw Pact countries could not be blamed for their recognition of the D.D.R. since they had done so before the Hallstein doctrine existed and at a time when they were under much more effective Soviet supervision. If this argument was not strictly convincing, it at least preserved the shell of the Hallstein doctrine while sacrificing the substance.

THE CASE OF YUGOSLAVIA

The same argument, however, cannot be invoked in the case of Yugoslavia. Yugoslavia had flatly disregarded West German warnings in 1957. When it was announced that the cabinet of the Federal Republic had decided to open negotiations with the Yugoslavs, objections were immediately voiced in some quarters that forgiveness of Tito's "unfriendly act" of 1957 might encourage other countries to disregard the West German position and to recognize the D.D.R. There is no doubt that this will be a distinct possibility once relations have been resumed with Yugoslavia. According to a recent report, the foreign ministry has formulated a new and more convoluted corollary to the Hallstein doctrine, designed to accommodate Yugoslavia and still to discourage other countries from recognizing the D.D.R.¹⁷

In any event, the recent flexible interpretation of the Hallstein doctrine has lessened the chances for embarrassment should one of the "uncommitted" countries choose to recognize the D.D.R.¹⁸ It is inconceivable that Kiesinger could be blackmailed on this point as Erhard was during the "arms-to-Israel" crisis of 1965. On the other hand, the Federal Re-

public will not necessarily abandon the Hallstein doctrine altogether, and West German economic power should be sufficient to enforce compliance in Asia and Africa.

In contrast to the limited advances in East Europe, nothing positive was achieved in relations with East Germany during 1967. In line with some segments of West German opinion, the publicly stated policy of the Grand Coalition has been to draw the D.D.R. into the general framework of détente and even to negotiate "practical questions of co-existence."¹⁹ This willingness to cooperate with the D.D.R., however, is subject to the limitation that the Federal Republic will not agree to any formula which would imply recognition of the D.D.R. as a second German state. The East German regime has responded with unacceptable demands for "normal relations" between Bonn and East Berlin. The Grand Coalition obviously has never envisioned more than the encouragement of private and semi-official contacts with the D.D.R.

The D.D.R., on its part, has not displayed any interest in increased contacts with West Germany. Toward the end of 1967, in fact, the tone of East German pronouncements became more strident, and further restrictions were placed on existing religious, scientific, cultural and sports contacts. There were no Christmas passes for West Berliners in 1967.

Toward the end of 1967, the public statements of both Chancellor Kiesinger and Foreign Minister Brandt reflected a certain disappointment at the relatively slow progress of détente.²⁰ It was necessary for the Chancellor to defend his policy against criticisms that his cabinet had received "punches instead of hugs" for its efforts in Eastern Europe; and to reiterate, "for the hundredth time," that "this policy of détente requires patience and unwearied effort."²¹

Despite its limited gains, the first year of the Grand Coalition marked a significant departure in West German foreign policy. The exploration of a new course in East Europe, the altered position on the relationship between reunification and détente, and the de-emphasis of the Hallstein doctrine have al-

¹⁷ *Der Spiegel*, January 29, 1968, p. 22.

¹⁸ It should be pointed out that the Hallstein doctrine has never prevented non-Communist states from maintaining commercial relations with the D.D.R.

¹⁹ See "Neue Profile der Deutschlandpolitik," *SBZ-Archiv*, October, 1967, pp. 291-292; and Conrad Ahlers (Bonn's Presschief), "Das Zweite Jahr der Grosse Koalition," *Deutsche Korrespondenz*, January 6, 1968, p. 4.

²⁰ Cf. Willy Brandt, "Entspannungspolitik mit langem Atem," *Aussenpolitik*, August, 1967, pp. 449-454.

²¹ *Bulletin*, November 10, 1967, p. 1096.

ready fashioned more freedom of action for West German diplomacy. Events of the year demonstrated, however, that the fundamental obstacles to détente remain. Reunification does not appear to be any closer; the Soviet Union continues to hold East Germany as a diplomatic hostage. West German policy remains cramped by the Oder-Neisse problem, which in turn provides the Soviet Union with a whip to hold over the heads of the Poles.

It is difficult to evaluate the speculation, revived during 1967, about a possible "neutralization" or "disengagement" of Germany in return for reunification. Equally difficult is an appraisal of the possibility that some sort of "Rapallo policy" (such as that advocated by the late Karl Georg Pfleiderer, former ambassador to Yugoslavia) can bring the Soviet Union to abandon the D.D.R. Neither the public statements nor the cautious moves of the Kiesinger cabinet would indicate that the former is remotely contemplated or that the latter is expected.

GERMANY, FRANCE & "EUROPE"

(Continued from page 262)

faced calmly. With more than two former powers in the community, answering the question of who leads would become academic, and Europe could instead concentrate on attaining once more "its rank, its dignity, and its influence in the world."

WEST GERMANY'S DEFENSE POLICIES

(Continued from page 274)

West Germany's ambassador to NATO and an outstanding theorist and practitioner of

³² Wilhelm G. Grewe, "Über den Einfluss der Kernwaffen auf die Politik," *Europa Archiv*, February 10, 1967.

³³ On January 25, 1968, *Europa Archiv*, the journal of the German Foreign Policy Association in Bonn, published the text of a study of European security models which had been made at the *Centre d'études de politique étrangère* in Paris. One of the models contemplates a German confederation in which the strength of *Bundeswehr* and N.V.A. might be correlated (e.g. six vs. four divisions) and the two armies linked by liaison staffs. This may be the beginning of a discussion.

foreign policy, says that a nation without nuclear weapons and weapons production cannot be a real power and cannot match nuclear powers in scientific-technical development. Germany has to choose between unarmed neutrality, satellization, or nuclear armament in combination with others (European political fusion).³² No German proposes a fourth alternative for his country, the path President Charles de Gaulle chose for France. Yet the Federal Republic wants scientific-technical development; and political conditions under which it would renounce all interest in real power of its own are not at hand.

Lastly, the N.V.A. east of the Elbe is commonly treated as an appendage of the Soviet army, a foreign thing. One does not discuss how the development of a "just European order" and of closer relations between the two German states, which are eagerly sought by present foreign policy, will affect the relations of *Bundeswehr* and the N.V.A. in the future, as opponents or possibly as components.³³

While the departures from the political-military pattern of the last 15 years are still marked in small and tentative steps, the future of German arms is subject to challenges and responses that are hard to predict.

WEST GERMANY'S TRADE POLICIES

(Continued from page 292)

duced in order to eliminate an external deficit. Similarly, some inflation may have to be tolerated to help reduce an external surplus. Rather than being within the reach of policy-makers, these goals are alternatives that involve choices. Economic policy must establish priorities among the goals in order to make those choices. The strong interdependence among E.E.C. countries is giving relatively high priority to the goal of external balance (at least vis-à-vis members). The E.E.C. countries realize that the internal consequences of external imbalance with regard to member countries cannot be escaped—unless the barriers to trade are to be reerected.

It may also be noted that in 1963-1964 overall conditions throughout the E.E.C. were favorable to policy coordination, insofar as inflation, although at varying degrees in different countries, appeared the main threat.

The real test of policy coordination comes when the goal to be achieved in the interest of the Market is in conflict with internal objectives. Thus in 1965, when the West German economy was booming and the trade balance vis-à-vis E.E.C. countries went into deficit, the *Deutsche Bundesbank* declared that policy coordination within the E.E.C. was "not necessarily always the obvious objective."⁴ It is nevertheless noteworthy that the deterioration in West Germany's total trade balance between 1964 and 1965 was almost exclusively due to E.E.C. trade, whereas the balances with other areas did not change significantly. This demonstrates the great specific sensitivity of the German trade balance to cyclical changes relative to other Market countries.

It is important to note in this context that the E.E.C. as a whole has consistently maintained a trade surplus with respect to the outside world. For policy-makers in individual E.E.C. countries this means that commitments to the Market can be met to some extent without accepting deficits as long as the surplus in trade with third countries remains strong enough. When in 1965, for example, West German trade with E.E.C. countries produced a deficit, the surplus vis-à-vis "other developed countries" declined by only DM 1.0 billion to the still formidable level of DM 8.3 billion. The surplus of the Market as a whole has, therefore, facilitated integration within the Market.

On the other hand, if a member country does adjust its trade policies according to E.E.C. needs, third countries will also be affected, even though the main impact will be absorbed inside the Market.

It is evident that the changing patterns of West Germany's international trade must be understood in the context of the Common Market. West Germany as well as other

members made a choice of fundamental importance in 1957 at Rome. West Germany's position on the key issues of world trade and finance will, undoubtedly, be determined by her basic commitment to the E.E.C., despite serious conflicts within the E.E.C. and despite varying political preferences.

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WEST BERLIN

(Continued from page 297)

the F.D.P. participates, while the C.D.U. is in opposition. By 1971, when the next elections are held, the pendulum may swing far to the right, if order is not restored by the moderate parties whom Schütz represents. At the same time, the mayor must be careful that powerful cliques in his own party organization do not undermine him. They are trying to pull the S.P.D. in several directions and must be held in check. The example of City Councillor Harry Ristock, a leading figure of the party's left wing, may suffice: he participated in the anti-Vietnam demonstration of the radical students.

It is unfortunate that Mayor Schütz was forced by the frequent student demonstrations and their aftermath to divide his attention. There are some long-range problems to which he should devote most of his time, because only he can handle them effectively. First of all, he must keep in close touch not only with his friend Willy Brandt and other Social Democratic ministers, but also with the Christian Democrats in the Bonn coalition, because Berlin needs a never-ending influx of federal funds. This flow is not as easy to maintain as it was in the days of prosperity.

The second big problem, closely related to the first, is to stabilize and expand the Berlin economy. The realization that large new investments from abroad are necessary brought Mayor Schütz to the United States in February, 1968, to negotiate in various business centers to attract the interest of major industrialists. The moment was perhaps not fortunate for such an endeavor, since Americans

(Continued on page 320)

⁴ Report of the *Deutsche Bundesbank* for the Year 1965, p. 26.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of March, 1968, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Central Treaty Organization (Cento)

Mar. 26—Military leaders of the Cento nations end a 2-day meeting on defense in London.

Disarmament

Mar. 7—At the Geneva disarmament conference, the Soviet Union and the U.S. present virtually identical forms of a pledge that the U.S., the Soviet Union and Britain will act immediately through the U.N. Security Council if a nonnuclear nation, a signatory to the nuclear non-proliferation treaty, is placed under nuclear attack or the threat of nuclear attack.

Mar. 14—The Geneva disarmament conference completes the draft of a treaty to prevent the spread of nuclear weapons; it is sent to a special session of the U.N. General Assembly scheduled to open April 24. (For the text of this treaty, see *Current History*, February and May, 1968.)

European Economic Community (Common Market)

Mar. 9—At a meeting in Brussels, the foreign ministers of the Common Market order the E.E.C.'s Executive Commission to study all aspects of the membership applications of Britain, Denmark, Norway and Ireland.

International Monetary Crisis

Mar. 8—As part of its attempt to minimize its loss of gold, the U.S. withdraws \$200 million in 4 foreign currencies from the International Monetary Fund to repay short-term borrowings of foreign currencies made in late 1967. In the third gold rush since the pound was devalued on November

18, 1967, demand for gold is estimated at \$300 million.

Mar. 10—The members of the London Gold Pool—Britain, Switzerland, West Germany, Italy, Belgium and the Netherlands—pledge to continue to support gold in the London market at \$35 an ounce. France has ceased to be an actively contributing member.

Mar. 14—The U.S. Federal Reserve Board raises its discount rate—its basic lending rate—from 4.5 per cent to 5 per cent.

The U.S. Senate removes the "gold cover," freeing \$10.4 billion in gold, by eliminating the stipulation that 25 per cent of U.S. currency be backed by gold. The measure goes to the President.

Mar. 15—The central bank chiefs from 6 European countries making up the London Gold Pool arrive in Washington to confer on the international monetary crisis.

In London, the gold market and all other exchanges are closed by government order today and tomorrow. Also closed are the foreign exchange markets, the stock exchanges and the foreign departments of all banks in Britain. At the *Paris Bourse* (or gold exchange)—the only one in Europe to maintain normal operations—the price of gold reaches a record high of \$44.36 per ounce. France is reportedly irritated at not being invited to the Washington meeting.

Mar. 17—The international bankers in Washington issue a communiqué in which the U.S. and the West European nations establish a 2-price system for gold. They will no longer supply gold to private buyers. The official monetary price of gold at \$35 an ounce will be maintained and used in inter-governmental transactions, but there will be a fluctuating free market for private

buyers. The 7 participating nations agree to support the exchange rates among their currencies, thus committing themselves to buy dollars if necessary. The key officials at this meeting are the West European central banks chiefs, the managing director of the International Monetary Fund and the general manager of the Bank for International Settlements. They announce that "they no longer feel it necessary to buy gold from the market" because they have enough to establish the projected Special Drawing Rights, a new type of monetary reserves.

The Bank of England announces that the London gold market will be closed until April 1, 1968.

Mar. 20—At a French cabinet meeting, French President Charles de Gaulle calls for a return to the gold standard. He asserts that France is not bound by decisions reached at the gold pool meeting in Washington.

Mar. 30—At the Stockholm Monetary Conference, 9 members of the Group of Ten (France refuses to participate) reach agreement on world monetary reform, creating new reserve assets, technically known as Special Drawing Rights or S.D.R.'s, and popularly known as "paper gold." The S.D.R.'s will augment the gold and dollar reserves of International Monetary Fund members. The agreement is subject to ratification by the 107 members of the I.M.F. Yesterday, finance ministers, central bank governors and other officials from the 10 Western nations comprising the Group of Ten opened this ministerial meeting.

Middle East Crisis

Mar. 1—At the U.N., Gunnar V. Jarring, the U.N. special representative in the Middle East, confers with U.N. Secretary General U Thant and other leaders about the Israeli-Arab conflict.

Mar. 3—Speaking at a workers' rally in Helwan, U.A.R. President Gamal Abdel Nasser swears to liberate all land seized by Israel during the June, 1967, war "... inch

by inch regardless of the cost or sacrifice."

Mar. 7—It is disclosed that last night in the Wadi Hoz area, an Arab neighborhood in Jerusalem, the Israeli military dynamited the home of Kamal Nammer; Nammer is held on suspicion of being an Al Fatah terrorist. Jerusalem's Mayor Teddy Kollek has protested this Israeli military practice to Israeli Defense Minister Moshe Dayan.

Mar. 8—*Al Ahram*, authoritative Egyptian newspaper, reports that the U.A.R. has refused to send delegates to Cyprus for talks on the Middle East. Jarring's headquarters are located on Cyprus. *Al Ahram* declares that the U.A.R. is opposed to any negotiations with Israel, direct or indirect.

Mar. 20—It is disclosed that in a letter to U.N. Secretary General U Thant sent by the permanent Egyptian representative to the U.N., Mohamed el-Kony, the U.A.R. has stated its willingness "... to implement the Security Council resolution adopted on Nov. 22, 1967." The U.A.R. continues to reject direct negotiations but will work through Gunnar V. Jarring.

Mar. 21—Israeli soldiers, paratroopers, tanks and jet airplanes attack Jordanian border villages including Karameh that are reputedly centers for terrorists and saboteurs operating against Israel. Some 150 Arabs are reported killed. At the *Knesset*, (parliament) Israeli Premier Levi Eshkol says the attack was a retaliation for continuing terrorist acts staged from Jordan.

At the U.N. Security Council meeting called at the request of Jordan, Yakov A. Malik of the Soviet Union warns that sanctions will be imposed on Israel if she refuses to heed U.N. Security Council resolutions.

Jordan's King Hussein cables Arab leaders to call for a summit conference.

Mar. 22—At the U.N., Israeli Ambassador Yosef Takoah charges that a large terrorist base at Karameh served as headquarters for the Iraqi command of Al Fatah (a guerrilla group) and for the Palestine Liberation Organization.

Mar. 23—King Hussein, at a news conference, declares that Jordan will accept no responsibility for Israeli security or for the safety

of Israeli forces occupying the west bank of the Jordan River.

Mar. 24—The Security Council unanimously adopts a resolution condemning Israel's attack on Jordan, deploring cease-fire violations, and warning that continued violations will lead to "more effective steps . . . to insure against repetition of such acts. . . ."

Mar. 29—Jordan and Israel battle along an 85-mile front. Both nations request a U.N. Security Council meeting to hear complaints.

United Nations

(See also *Middle East Crisis*)

Mar. 6—Before the Commission on Human Rights, the U.S. chief representative to the U.N., Arthur J. Goldberg, formally protests Soviet repression of freedom of speech and the imprisonment of Russian writers. The chief Soviet delegate, Platon D. Morozov, replies that the U.S. should avoid "gross intervention" in a country's internal affairs.

Mar. 13—U.N. Secretary General U Thant receives Yakov A. Malik's credentials as chief Soviet representative.

Mar. 14—The U.N. Security Council unanimously approves a resolution condemning the South African government; the resolution asks that the South African government release 33 imprisoned South-West Africans.

Mar. 18—The Security Council unanimously votes to extend for another 3 months its peace-keeping force in Cyprus.

Mar. 22—The 132-nation U.N. Conference on Trade and Development, which has been meeting in New Delhi for some 7 weeks, adopts a declaration urging the developed countries of the world to permit entry of goods from developing countries.

Mar. 26—The U.N. trade conference in New Delhi adopts 2 resolutions on the controversial issues of commodity policy and preferential tariffs. The tariff resolution urges that a "system of generalized, non-reciprocal and nondiscriminatory preferences which would be beneficial to the developing countries" be set up soon.

War in Vietnam

Mar. 2—The South Vietnamese command reports that the Danang-Hue coastal highway has been reopened for the first time since the Vietcong's Lunar New Year offensive began in January, 1968.

Mar. 6—It is reported that yesterday in Quanlong, capital of Anxuyen province in the Mekong Delta, Vietcong guerrillas launched an attack that resulted in the destruction of over 1,000 homes.

Mar. 7—*The New York Times* discloses that North Vietnamese forces estimated at 20,000 men are stationed in the area around Khesanh, where 6,000 U.S. marines are dug in.

Mar. 8—General William C. Westmoreland, head of U.S. forces in Vietnam, announces that a new tactical command has been established in the 2 northernmost provinces, Quangtri and Thuathien, under Army Lieutenant General William B. Rosson.

Mar. 14—The U.S. Command in South Vietnam reports that the total U.S. casualties since January 1, 1961, have reached 139,801 men—more than the Korean War total—of whom 19,670 were killed and 120,131 wounded.

Mar. 15—A U.S. military official reports that some 50,000 men, or over 50 battalions of American and South Vietnamese soldiers, plus air, artillery and national police support units, are engaged in a large-scale offensive against enemy troops (believed to number 8,000–10,000 men) around Saigon.

Mar. 22—At a news conference, U.S. President Lyndon Johnson says General Westmoreland, commander of American forces in Vietnam, will be replaced in Vietnam sometime before July 2, 1968, and will become Army Chief of Staff. Westmoreland, whose appointment is subject to Senate approval, will succeed General Harold K. Johnson.

Mar. 23—A U.S. military spokesman reports that yesterday U.S. planes bombed a railroad yard in North Vietnam 18 miles from the Chinese border.

Mar. 31—In a nationwide television broadcast, President Johnson announces he has ordered an end to air and naval bombardment of North Vietnam except in the area just north of the demilitarized zone. Almost 90 per cent of North Vietnam will be spared further bombing. The President urges Britain and the Soviet Union to press for a "genuine peace"; he urges North Vietnam to exercise restraint and to deescalate the war also. He names Ambassador at Large W. Averell Harriman and Ambassador to Moscow Llewellyn Thompson as his representatives to negotiate with North Vietnam as soon as Hanoi indicates readiness for such negotiation.

The President also declares that American troops in Vietnam will be increased by some 13,500 support troops, including some Reserve units. Westmoreland had asked for some 200,000 more troops.

Warsaw Pact

Mar. 7—The 2-day meeting of the Communist party and government leaders of the 7 Warsaw Pact nations in Sofia, Bulgaria, ends.

Mar. 8—In a declaration issued in Bulgaria, 6 Warsaw Pact members issue a declaration in support of the Soviet-American draft treaty to prevent the spread of nuclear weapons. Rumania does not adhere to the unsigned declaration. A general communiqué and a declaration denouncing U.S. action in Vietnam are also issued. It is reported that the meeting failed to resolve Soviet and Rumanian differences.

ARGENTINA

Mar. 8—Defense Minister Antonio R. Lanusse resigns.

BELGIUM

Mar. 1—King Baudouin dissolves Parliament in preparation for a general election.

Mar. 31—Some 6 million voters cast their ballots for a new Parliament. (See *Belgium*, *Current History*, March, 1968, p. 249.)

BURMA

Mar. 19—Head of State General Ne Win

warns that China is providing sanctuary for rebel groups fighting in northern Burma. He urges caution lest open conflict break out along the 1200-mile border with China.

CAMBODIA

Mar. 11—Chief of State Prince Norodom Sihanouk charges that North Vietnam and China are promoting a Cambodian rebellion.

CANADA

Mar. 1—Jean Marchand, Canada's minister of immigration, announces easing of entry restrictions for Asians leaving Kenya because of discrimination.

Mar. 6—A pledge to cut spending and increase taxes is given in Parliament by Finance Minister Mitchell Sharp, in an anti-inflation move.

Mar. 7—Sharp announces that the U.S. and several European countries will extend standby credits for Canada to help defend her dollar.

Mar. 13—The House of Commons approves in principle a Government bill to impose a 3 per cent tax surcharge on corporate and personal incomes.

CEYLON

Mar. 9—Agreement to hold talks with India over disputed ownership of Kachchativu, a tiny, uninhabited island, is announced.

CHILE

Mar. 8—Extremists on the left and right in Congress open new attacks on President Eduardo Frei's economic program.

Mar. 15—Minister of Finance Raul Saez resigns in protest at the rewriting of the government's wage bill.

CHINA, PEOPLE'S REPUBLIC OF (Communist)

Mar. 29—Further internal dissension in top party ranks is indicated by the appointment of a new army chief of staff, Huang Yung-sheng, replacing Yang Cheng-wu.

COLOMBIA

Mar. 17—Election returns for the lower house

of Congress give the Liberal and Conservative Coalition more than the two-thirds majority needed to stay in office. This is seen as a vote of confidence in President Carlos Lleras Restrepo.

CONGO, REPUBLIC OF THE (Kinshasa)

Mar. 2—The deportation of jobless foreigners and the return of jobless natives to their villages are ordered by the Congo government, in attempts to cut down smuggling and to repopulate the farms.

CUBA

Mar. 8—The Cuban government issues a list of jobs women may hold, in an attempt to prevent women from doing heavy labor.

Mar. 14—Premier Fidel Castro announces that all private business activity, except in agriculture, will be eradicated.

Mar. 15—Castro closes all bars and outlaws the state lottery. No packages will be accepted from the U.S.

CZECHOSLOVAKIA

Mar. 2—Vladimir Koucky, secretary of the central committee and delegate to the Communist consultative conference in Budapest, tells the conference there should be closer collaboration with socialist parties in Western Europe and more freedom to manoeuvre with West Germany.

Mar. 5—Dismissal of Jiri Hendrych, secretary for ideological matters, is announced by the new Communist leadership.

Mar. 15—Interior Minister Josef Kudrna and Attorney General Jan Bartuska are dismissed in a continuing purge of "conservative" party officials.

Mar. 16—New Communist party chief Alexander Dubček announces plans to install new people in vital jobs, replacing men who served under Novotny.

Mar. 22—Antonin Novotny resigns the presidency in response to increasing pressure from liberal forces.

Mar. 23—Groups of university students and many trade union members announce their withdrawal from Communist organizations.

Party Secretary Alexander Dubček goes to East Germany to reassure Warsaw Pact countries that Czechoslovakia's liberalization will not end her adherence to common policies.

Mar. 25—East European countries offer credits to Czechoslovakia in an attempt to keep her from seeking credit in the West.

Mar. 27—Foreign Minister Vaclav David objects to East German pressures on Czechoslovakia.

Mar. 28—Communist party officials elect conservative, pro-Soviet General Ludvik Svoboda as President.

Mar. 29—Party Secretary Dubček meets with 1,000 students demanding guarantees against a return to former conservative policies.

Mar. 30—President Ludvik Svoboda is inaugurated; he replaces Antonin Novotny.

FINLAND

Mar. 1—President Urho Kekkonen begins his third 6-year term by asking Mauno Koivisto to form a new government. Former Premier Rafael Paasio resigned, following criticism by members of his Social Democratic party.

Mar. 22—Premier Koivisto forms a new coalition government of 5 parties.

FRANCE

Mar. 7—Government authorities tell the Israeli defense ministry that France is maintaining her embargo on partly paid-for Mirage jet fighters and other arms until serious negotiations begin on a Middle East settlement.

GERMANY, DEMOCRATIC REPUBLIC OF (East)

(See also *Czechoslovakia, Poland*)

Mar. 13—The official Communist party newspaper announces support for "conservative" factions in Czechoslovakia and Poland.

Mar. 15—East German officials announce plans for college reforms aimed at tightening party control over the country's youth.

GERMANY, FEDERAL REPUBLIC OF (West)

- Mar. 1—Chancellor Kurt-Georg Kiesinger tells Soviet Ambassador Semyon Tsarapkin that Bonn respects the 4-power status of Berlin, but will not cease its political activities there.
- Mar. 2—Klaus Schutz, Mayor of West Berlin, asks the East German government to agree to travel passes for West Berliners wishing to make Easter visits to relatives in East Germany. No passes have been issued in the past 2 years.
- Mar. 4—Defying threats from East German and Soviet officials, West German parliament members begin a week of committee meetings in West Berlin.
- Mar. 18—Foreign Minister Willy Brandt calls for recognition of the Oder-Neisse line as Germany's eastern border with Poland.
- Mar. 20—The Social Democratic party backs its chairman, Willy Brandt, pledging to respect and recognize the present border with Poland.
- Mar. 27—Chancellor Kiesinger urges that Poland and West Germany "exchange thoughts" over the Oder-Neisse border, but refuses to recognize the permanence of the border prior to a formal peace treaty.

GREECE

- Mar. 2—The Greek regime releases 20 of the 2,000 political prisoners held on an Aegean island as a gesture of "magnanimity and strength."
- Mar. 7—Dismissal of 233 state employees, including 196 teachers, is announced by the Greek government in a purge of "disloyal, corrupt or incompetent officials."
- Mar. 9—Former Greek Cabinet member Andreas Papandreou, speaking in Washington, asks the U.S. to reconsider its policy of support for the Greek regime, calling it brutal and dictatorial.
- Mar. 15—A referendum for a new constitution is set for next Sept. 1. Premier George Papadopoulos claims this will be a first step in the return to parliamentary government.

INDIA

(See also *Ceylon*)

- Mar. 8—A doubling of Indian-Soviet trade is anticipated as large orders are placed by the U.S.S.R. for Indian-made railroad cars and steel.
- Mar. 18—Two more states face political chaos as fights break out in the assembly in the Punjab. A vote of no confidence topples the state government of Bihar.
- Mar. 28—The Congress party loses 16 seats in elections for the upper house of Parliament.

INDONESIA

- Mar. 7—Acting President Suharto of Indonesia and visiting Malaysian Prime Minister Abdul Rahman announce agreement to seek peaceful settlement of any future dispute, in a friendship treaty renewing the good relations severed under former President Sukarno.
- Mar. 27—The 828-member Consultative Assembly elects Acting President Suharto to a 5-year term as President, and sets parliamentary elections for July, 1971.

ITALY

- Mar. 1—Students and police clash in Rome over university reforms; more than 200 are hurt.
- Mar. 3—The Academic Senate of Rome University calls for immediate reforms in education to give students a greater voice in university affairs.

JAPAN

- Mar. 2—The Foreign Ministry announces its decision to buy more rice from Communist China during the coming year. A renewal of private trade agreements between Japanese trade groups and China hinges on increased rice purchases.
- Mar. 7—The unofficial Japanese trade group negotiating in China signs an agreement not to take a hostile stand toward China, not to support the "two-Chinas" policy and not to block normalizing of relations between Japan and China. 2 of the delegates serve in the Japanese Diet.

Mar. 8—About 1,000 Communist students clash again with police over the opening of a U.S. army hospital in Tokyo to treat Vietnamese war casualties.

Mar. 9—Three opposition parties introduce a resolution in the House of Representatives demanding the removal of U.S. B-52 bombers from Okinawa.

LAOS

Mar. 8—15 civilians and a number of soldiers are wounded by Pathet Lao (Communist) forces and North Vietnamese soldiers.

Mar. 15—The fall of 2 villages to Communist forces is announced by the Laotian government.

MAURITIUS

Mar. 12—Independence celebrations for this Indian Ocean island are marred by conflict between the Hindus and the Creole population. The new government is sworn in; Sir Seewoosagur Ramgoolam is prime minister.

MOROCCO

Mar. 13—King Hassan II unveils a \$1-billion 5-year plan, 40 per cent of which will be financed by foreign aid.

PANAMA

Mar. 4—The entire Cabinet resigns.

Mar. 5—A 3-man commission is named to investigate charges against President Marco A. Robles.

Mar. 11—Robles appeals to the National Guard to protect him against a threatened coup d'état.

Mar. 13—Presidential candidate Arnulfo Arias asks renegotiation of 3 proposed Canal treaties between Panama and the U.S.

Mar. 24—Robles is removed by the National Assembly and Vice President Max Delvalle is sworn in. The National Guard says it will back Robles.

Mar. 27—Violence flares as National Guard troops bar Delvalle from the Assembly building. Robles claims he is still President.

PHILIPPINES, THE

Mar. 8—Some 3,000 demonstrators march through Manila to protest retention of the 2,000-man Philippine contingent in South Vietnam.

Mar. 21—An investigation into the mutiny earlier this week at an army training camp is begun. The generals report that training is so severe that some trainees break down.

Mar. 22—Reports reach Manila that 60 trainees, missing after the mutiny, have been executed by their officers.

POLAND

(See also *Czechoslovakia*)

Mar. 8—Some 4,000 students march at Warsaw University demanding reinstatement of 2 suspended students.

Mar. 9—Clashes between police and students continue as students shout "Long live Czechoslovakia," apparently alluding to promises of greater democracy by the new Czech leadership.

Mar. 12—Three government officials are dismissed because their children have been ringleaders in protest demonstrations in Warsaw.

Mar. 17—Communist newspapers blame continuing unrest on a "Zionist plot."

Mar. 18—Roman Zambrowski becomes the fourth government official to be dismissed for involvement in student disorders.

Mar. 19—Communist party leader Wladyslaw Gomulka addresses 3,000 party members to moderate the anti-Zionist campaign of recent weeks.

Mar. 23—Communist party officials ignore Gomulka's injunction to moderate anti-Zionist attacks. Student sit-ins end at 3 Warsaw schools.

Mar. 29—The official Communist party press warns Polish Jews to condemn U. S. and West German "slanders" as the anti-Zionist campaign continues.

Mar. 30—Eight departments of Warsaw University are closed by the government and 34 students are expelled in a crackdown against student agitation.

RHODESIA

- Mar. 4—The Appellate Division of the High Court upholds the conviction of 3 Africans who had been reprieved by Queen Elizabeth II. The Africans were sentenced for the killing of a white farmer.
- Mar. 6—In a serious act of defiance, Rhodesia hangs the 3 Africans reprieved by the Queen.
- Mar. 7—Four groups of demonstrators protest the executions, and are attacked by angry groups of whites. Executions are expected to continue; 115 Africans face death.
- Mar. 11—2 more prisoners are hanged as government execution of Africans continues despite British protest.
- Mar. 13—Ian Smith's government commutes the death sentences of 35 Africans, and reserves its stand on 33 more.

SALVADOR

- Mar. 11—Unofficial preliminary returns from yesterday's legislative and municipal elections show that the left-of-center Christian Democrats won control of at least 7 provincial capitals and retained control of the capital. Gains for the Social Democrats represent some weakening of control for President Fidel Sanchez Hernandez's National Conciliation party.

SOUTHERN YEMEN

- Mar. 25—President Qahtan al-Shaabi declares that he will continue to weed out "all counterrevolutionary elements" that attempted to overthrow his government last week. President al-Shaabi also announces that large landholdings held by "former sultans, ministers, princes, and sheiks and stooges" will be confiscated to prepare the way for agrarian reform.

SPAIN

- Mar. 2—A mass trial of 10 Barcelona men hears defendants charge Generalissimo Francisco Franco with repression of the clergy and brutal police torture. The men are being tried for attending a protest rally in 1966.

- Mar. 8—Six of the 10 defendants in the mass trial are sentenced to prison for their part in the 1966 rally. Four defendants are acquitted.

- Mar. 11—In an unusual show of independence, 76 deputies in Parliament ask an explanation of economic difficulties.

- Mar. 28—The government closes Madrid University after a serious clash between students and police over the U.S. war in Vietnam.

SWEDEN

- Mar. 5—Seven more U.S. military deserters are granted asylum in Sweden today; 33 American servicemen have applied for asylum because of their opposition to the Vietnamese war.
- Mar. 8—U.S. Ambassador William Heath is called home to discuss deteriorating Swedish-American relations over the Vietnam war.

THAILAND

- Mar. 4—Premier Thanom Kittikachorn says that 2,300 Communist guerrillas are active in Thailand today; this is an increase of 1,000 over the past 6 months.

U.S.S.R., THE

- Mar. 2—*Pravda*, the official Soviet newspaper, defends the trial of 4 Russian writers accused as "traitors" for writing anti-Soviet pieces.
- Mar. 12—Ninety-nine leading Soviet mathematicians protest the confinement of an intellectual who was active in the January protest over the trials of Soviet writers Andrei Sinyavsky and Yuli Daniel.
- Mar. 14—The Soviet government sends a bill for \$14,699 in damages to the U.S. in the aftermath of the Feb. 21 bomb explosion at the U.S.S.R.'s Washington embassy.
- Mar. 22—Forty-seven residents of the Novosibirsk science center sign a protest against the sentencing of dissident writers.
- Mar. 29—Party Chief Leonid Brezhnev warns Soviet intellectuals of punishment if they fall into the trap of Western ideologies.

UNITED ARAB REPUBLIC, THE

(See also *Intl, Middle East*)

Mar. 20—In the largest reshuffle since 1952, 14 new Cabinet members, all civilians, are appointed by President Gamal Abdel Nasser. Most key portfolios are retained by army officers.

UNITED KINGDOM, THE

(See also *Intl, Monetary Crisis; and Rhodesia*)

Mar. 1—British citizens of Asian ancestry may now immigrate to Britain from Kenya only under strict quota limitations in a bill that becomes law today.

Mar. 5—The House of Commons, by a vote of 313 to 220, approves military withdrawal from areas east of Suez.

Mar. 15—George Brown, Foreign Secretary, resigns in a dispute over the closing of the London gold market. Michael Stewart, First Secretary of the Cabinet, replaces Brown.

Mar. 25—A budget with the highest taxes in peacetime history is voted, 332-248, by the House of Commons.

Mar. 28—Returns in 4 by-elections result in overwhelming defeats of Labor candidates by the Conservative opposition.

UNITED STATES, THE

Civil Rights

(See also *Government*)

Mar. 1—An Associated Press survey reveals that police in major American cities are stockpiling weapons and training civilians in preparation for possible race riots.

Mar. 2—The President's National Advisory Commission on Civil Disorders releases its full 1,485-page report stressing the dangers of possible urban apartheid, and warning that in 30 cities police and fire preparations are inadequate to deal with possible riots in the coming summer.

Mar. 28—Looting and rioting during a protest march in Memphis, Tennessee, led by Martin Luther King, Jr., nonviolent civil rights leader, lead to the death of a 16-year-old Negro boy and the injuring of 50 persons.

Economy

(See *Intl, Monetary Crisis*)

Foreign Policy

(See also *Intl, War in Vietnam*)

Mar. 4—The State Department refuses a visa to Rhodesian Prime Minister Ian D. Smith because the U.S. does not recognize the independence of Rhodesia.

Mar. 10—The National Broadcasting Company's news department announces its belief that the U.S. is losing the war in Vietnam and calls for a change in U.S. foreign policy.

Newsweek calls for negotiation in Vietnam to end the stalemate. This is the second time the newsweekly has taken an editorial stand in its 35 years.

Mar. 11—Appearing in a televised open hearing before the Senate Foreign Relations Committee, Secretary of State Dean Rusk debates with Senator J. William Fulbright (D., Ark.); Rusk defends the Administration's policy in Vietnam and says that policy is being reexamined "from A to Z."

Mar. 12—Rusk says the Administration will consult with Congress about dispatching more troops to Vietnam, but he does not commit the Administration to consultation before making such a decision.

Mar. 28—The State Department announces that American citizens who travel to Communist countries declared "off limits" for American travelers will not be punished; their passports will no longer be revoked.

Government

(See also *Politics; Intl, Monetary Crisis*)

Mar. 1—Secretary of Health, Education and Welfare John Gardner leaves HEW without ceremony after 2½ years of service.

President Johnson welcomes presidential adviser Clark M. Clifford as Secretary of Defense, replacing Robert McNamara.

Mar. 11—The Senate passes the civil rights bill, voting 71 to 20; about 80 per cent of the nation's housing is subject to the open housing provisions of the bill, which now goes to the House of Representatives.

Mar. 15—The Senate completes congressional action on a bill requiring that jurors in federal courts be chosen by random selection from voters' or other lists and not handpicked.

Mar. 22—President Johnson nominates career government official Wilbur Cohen as Secretary of Health, Education and Welfare, succeeding John Gardner.

The President names Sargent Shriver, first director of the Peace Corps and director of the Office of Economic Opportunity, as ambassador to France.

Voting 67 to 1, the Senate adopts its first formal code of ethics outlining standards of financial behavior for Senators and Senate employees. Vermont's Republican Senator George Aiken opposes the action because of a last-minute amendment allowing Senators to use private contributions to meet office or personal expenses.

Mar. 23—President Johnson nominates Frank E. McKinney, former Democratic National Chairman, as ambassador to Spain, replacing Angier Biddle Duke.

Labor

Mar. 2—President of the United Automobile Workers Walter P. Reuther requests a special A.F.L.-C.I.O. convention in December to discuss his proposals "to modernize and revitalize" the A.F.L.-C.I.O.

Mar. 16—The United Steelworkers of America, acting for some of the striking copper unions, signs a contract with Phelps Dodge, one of the 4 companies involved in the copper strike. Thirteen other striking unions also affecting Phelps Dodge have not acted on the proposed settlement.

Mar. 24—Representatives of American Smelting and Refining and Anaconda Copper announce that basic tentative agreements for copper workers have been reached in an attempt to settle the copper strike, now in its ninth month.

Mar. 28—After an 11-day strike against the New York Port Authority, longshoremen begin to return to work in the Port of New York.

Military Policy

Mar. 12—The Department of Defense places a \$456.1-million contract for production of Poseidon multiple-warhead missiles that can be launched underwater from submarines.

Mar. 14—A Defense Department directive orders the armed services to employ civilians for food preparation and service except in the case of military necessity; the changeover is ordered to be effective by mid-1970.

Mar. 17—Six Air Force F-111 fighter bombers arrive in Thailand for test flights over North Vietnam.

Mar. 27—After a surprise visit to Washington, General Creighton W. Abrams, deputy to General William Westmoreland, returns to Vietnam.

Mar. 28—The Defense Department announces the loss of an F-111 plane in Southeast Asia.

Mar. 30—Loss of a second F-111 jet fighter is announced. Military spokesmen say it crashed in Thailand after an in-flight emergency.

Politics

Mar. 5—Former Vice President Richard Nixon promises that "new leadership" in the U.S. will "end the war" in Vietnam.

Mar. 12—Minnesota Senator Eugene McCarthy wins 42 per cent of the Democratic vote in New Hampshire's presidential primary; President Johnson polls 48 per cent. Nixon polls some 79 per cent of the Republican vote; the write-in campaign for Rockefeller wins the New York governor 11 per cent.

Mar. 16—New York Senator Robert Kennedy announces he will challenge the President for the Democratic presidential nomination because of his opposition to Johnson's "disastrous, divisive policies" in Vietnam and at home, policies which can be changed "only by changing the men who are now making them."

Mar. 17—It is reported that last week Robert Kennedy offered to refrain from challeng-

ing the President for the Democratic nomination if President Johnson would name a commission to reevaluate the war in Vietnam.

Mar. 19—Eugene McCarthy states that he will support Robert Kennedy for the Democratic presidential nomination if his own bid fails.

Mar. 21—New York's Republican Governor Nelson Rockefeller declares that he is not a candidate for the Republican presidential nomination; he will not refuse to serve if drafted.

Mar. 22—U.S. Democratic Congressman Adam Clayton Powell returns to New York; he is arrested for criminal contempt and released on bail. Powell has been living in the Bahamas to evade arrest rising from his 1966 conviction for deliberately defying court orders to appear for a financial examination as a debtor.

Mar. 31—In a nation-wide televised broadcast, President Johnson announces that "I shall not seek and I will not accept the nomination of my party as your President." The surprise announcement leaves McCarthy and Robert Kennedy the only announced contenders for the Democratic presidential nomination.

Supreme Court

Mar. 4—The Supreme Court refuses to review a lower court ruling outlining a rearrangement of Indiana's 11 congressional districts. The Court agrees to review the constitutionality of an Arkansas statute that forbids a public school teacher to "teach the theory . . . that mankind descended from a lower order of animals." Only Arkansas and Mississippi still regard teaching the theory of evolution as a crime; Tennessee repealed a similar law in 1967.

Mar. 12—North Carolina's Democratic Senator Sam Ervin, Jr., asks the Supreme Court to hear a taxpayer's suit challenging the constitutionality of offering federal aid to sectarian schools.

Mar. 18—In an 8 to 0 unsigned ruling, the Court decides that if Negroes win legal challenges against proprietors discriminat-

ing against them in public places, the losing proprietors must pay the legal fees involved. Going to court to challenge discrimination is in "the public interest."

VATICAN, THE

Mar. 9—Pope Paul VI sends a message to the Archbishop of Salisbury, in which the Pope appeals for clemency for 6 Africans who are to be hanged on March 11. This is reportedly an unusual instance of direct papal intervention in a specific temporal affair.

Mar. 11—Vatican sources report that Catholics who join Free Masons orders will no longer be subject to automatic excommunication.

Mar. 20—The Roman Catholic Church and the World Council of Churches issue a joint statement, the first common action undertaken by these 2 major Christian groups, appealing for an end to the Nigerian civil war and "the establishment of a lasting peace by honorable negotiations. . . ."

VIETNAM, REPUBLIC OF (South)

Mar. 1—By a vote of 85 to 10 (with 3 abstentions and 37 not voting) the House of Representatives defeats President Nguyen Van Thieu's request for power to rule by decree.

Thieu signs a decree placing under government control the military officers who head provincial governments.

Mar. 7—The Senate defeats Thieu's request for emergency powers to rule by decree.

Mar. 11—According to informed sources, Thieu has removed 7 provincial chiefs.

Mar. 21—In a major televised speech, President Thieu announces that 135,000 men will be added to the armed forces; more 19-year-olds and, for the first time, 18-year-old youths will be drafted.

Mar. 26—President Nguyen Van Thieu dismisses 4 more provincial chiefs.

Mar. 27—In Saigon, some 1,000 delegates and guests assemble to form a new party, the Liberal Democratic Force.

WEST GERMAN TRADE

(Continued from page 278)

Table 1: German Commodity Trade by Areas
(in billions of DM)

Year	EEC			North America ¹			Other Developed Countries ²			Under-developed Countries			East Bloc			Other			Total		
	X	M	Net	X	M	Net	X	M	Net	X	M	Net	X	M	Net	X	M	Net	X	M	Net
1961	16.2	13.8	2.4	4.0	7.0	-3.0	16.1	10.0	6.1	10.4	10.1	0.3	2.1	2.0	0.1	2.1	1.4	0.7	51.0	44.4	6.6
1962	18.0	16.0	2.0	4.4	8.0	-3.6	16.7	10.7	6.0	9.6	11.1	-1.5	2.1	2.2	-0.1	2.0	1.5	0.5	53.0	49.5	3.5
1963	21.7	17.3	4.4	4.7	8.7	-4.0	18.0	10.9	7.1	9.9	11.5	-1.6	1.8	2.1	-0.3	1.9	1.5	0.4	58.3	52.3	6.0
1964	23.6	20.4	3.2	5.4	8.8	-3.4	21.0	11.7	9.3	9.4	12.5	-3.1	2.3	2.4	-0.1	2.2	1.7	0.5	64.9	58.8	6.1
1965	25.2	26.6	-1.4	6.5	10.1	-3.6	23.1	14.8	8.3	11.3	14.0	-2.7	2.7	2.9	-0.2	2.5	1.9	0.6	71.6	70.4	1.2
1966	29.3	27.8	1.5	8.1	10.1	-2.0	24.8	14.7	10.1	12.1	14.9	-2.8	3.3	3.1	0.2	2.7	1.3	0.8	80.6	72.7	7.9

¹ United States and Canada² E.F.T.A. Countries, JapanSource: *Statistisches Jahrbuch für die Bundesrepublik Deutschland (Wiesbaden)*.Table 2: Area Shares in Per Cent of
Total German Imports

Year	EEC	North America	Other Dev. Countries	Underdev. Countries	East Bloc	Other	Total
1961	31.1	15.9	22.5	22.8	4.6	3.1	100.0
1966	38.2	13.8	20.3	20.5	4.3	2.9	100.0
Total German Exports							
1961	31.7	7.8	31.5	20.4	4.1	2.5	100.0
1966	36.3	10.0	30.7	15.0	4.1	3.9	100.0
German Food Imports							
1961	33.1	13.7	19.4	25.4	5.5	2.9	100.0
1966	38.5	12.4	15.7	26.3	5.1	2.0	100.0
German Exports of Selected Industrial Goods¹							
1961	26.0	7.9	32.3	25.2	3.8	4.8	100.0
1966	31.2	11.0	31.2	18.1	4.6	3.9	100.0

¹ Chemical Products, Machines, VehiclesSource: *Statistisches Jahrbuch für die Bundesrepublik Deutschland*

WEST BERLIN

(Continued from page 308)

were preoccupied with Vietnam and their economic crisis, but Schütz seemed satisfied.

It is a fact that Berlin has lost the position of industrial leadership it enjoyed before World War II. Giants of the electrical industry like Siemens and A.E.G. have retained plants in Berlin, but much of their production has been transferred to West Germany. The chemical industry of Berlin is comparatively

well off, but only one leading firm, Schering, still has its headquarters in the divided city.

Even an optimist must admit that West Berlin is in the midst of a serious crisis. But hope should not be abandoned as long as Berlin has strong, far-sighted leadership and as long as the people of West Germany are willing to make real sacrifices for the embattled city.

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